Austria Sch22	Indonesia ... Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore .... S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils.500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils.500	Sweden SKr8.00
Egypt .... E£2.25	Lebanon ... $L100.00	Switzerland. SFr2.20
Finland Fmk7.00	Luxembourg .. LFr48	Taiwan .... NT$85
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong.... HK$12	Netherlands... Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr7.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Airlines: bigger may not be better for Europe, Page 19

World News

Goria forms new Italian coalition government

Mr Giovanni Goria late last night succeeded in forming a new Italian coalition government.

The bearded Christian Democrat, who will be 44 tomorrow, ended five months of political crisis by achieving a truce betweeen his own party leader, Mr Ciriaco De Mita, and former Socialist prime minister Mr Bettino Craxi. Page 20

Peru bank freeze

President Alan García has proposed the nationalisation of all banks and credit institutions and said banking operations would be frozen while Congress studied his proposal. He said the nationalisation was being proposed because banks had discriminated against the rural poor in their lending practices.

Panama strike

A general strike that started in Panama City spread to other cities with banks, businesses and services closed to protest military control of Panama's government. The police and army made 46 arrests. Page 4

Swiss free suspect

Swiss police released a Lebanese man wanted by France in connection with a bomb attack in Paris last September in which seven people were killed.

Philippines debt

The new Philippines Congress ordered an inquiry into the country's foreign debt, its first action since it convened following a strong attack on creditor banks by President Corazon Aquino. Page 4

Protest continues

Crimean Tartars, disappointed with their meeting with Soviet President Andrei Gromyko, gathered in a Moscow park to discuss the possibility of a hunger strike to draw attention to their claim for an autonomous republic.

Landslide in Italy

A landslide destroyed two mountain hamlets in an area of northern Italy hit by floods earlier of this month. The two villages had been evacuated after floods killed 16 on July 18. One person was reported killed and nine injured.

Mission to Kabul

A team from the UN Human Rights Centre leaves for Kabul today to conduct the first fact-finding mission on violations to life in the war-torn country.

South Korea typhoon

South Korea braced for the approach of typhoon Alex as it began to recover from three days of floods which left 100 people dead or missing. The typhoon hit Taiwan killing at least one, sinking boats and forcing airports to cancel flights.

Charges for Rust

West German pilot Matthias Rust, who landed a light aircraft in Moscow, will face three separate charges, a Soviet investigator said. Page 2

Demjanjuk defence

John Demjanjuk, on trial in Jerusalem accused of being a brutal guard at a death camp in Poland, ended his first day in the witness box denying that he was "Ivan the Terrible" who operated gas chambers at Treblinka camp.

Terrorism talks

Spanish Interior Minister Jose Barrionueve and Rafael Vera, Secretary of State for Security, arrived in Paris to discuss cooperation on combatting terrorism.

Tight test finish

In an unexpectedly tight finish to the fourth test match at Edgbaston, Pakistan (439 and 205) drew with England (521 and 109/7) and remain one-up in the cricket series with one match to play.

Business Summary

Big Airbus order for GE and Snecma

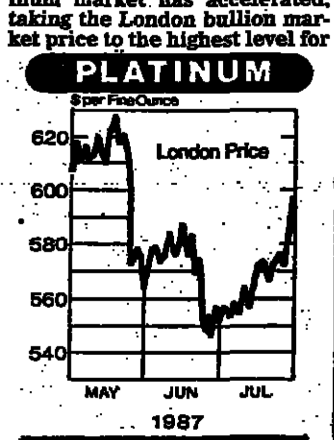
GENERAL ELECTRIC of the US and its French partner Snecma, state-controlled aero-engine group, have won a $2bn order from Airbus Industrie, European airline manufacturing consortium, for 376 engines. Page 20

ERNEST Saunders, former Guinness chairman, has launched a legal counter-offensive in his battle with the brewing company. He is seeking damages from Guinness for wrongful dismissal, and has "enjoined" the former finance director, Mr Olivier Roux, as a third party to the company's bid to recover £5.2m ($8.26m).

GLAXO, biggest UK drugs company, signalled its determination to move into the emerging market for protein-based pharmaceuticals by buying the Swiss research facilities of Biogen, a US-based biotechnology company. Page 21

USX, largest US steel company which is also a leading oil and gas operator, posted strong improving second quarter profits, and forecasts "very promising" results for the six months ahead. Page 21

PLATINUM: Upturn in the platinum market has accelerated, taking the London bullion market price to the highest level for



more than two months. After rising by $9.50 on Monday it added another $14 to close at $598 a troy ounce. Page 32

WALL STREET: The Dow Jones Industrial average closed up 25.83 at 2,519.77. Page 44

LONDON: An encouraging corporate review from the Confederation of British Industries stimulated a recovery in equity prices as BAA made its debut at a premium. Gilts also strengthened. The FT-SE 100 index closed up 26.0 at 2,359.9 and the FT Ordinary index added 20to 1,855.0. Details Page 40

TOKYO: Growing expectations further market gains spurred buying of stocks. The Nikkei average rose 280 to 24,385.82. Page 44

GOLD rose $3.50 on the London bullion market to close at $455.75. In Zurich it also rose to $456.50 ($452.50). Page 32

DOLLAR closed in New York at DM 1.8535, Y150.20, SFr 1.5335 and FFr 6.1670. It rose in London to DM 1.8570 (DM 1.8550); to Y150.40 (Y150.35); to FFr 6.1800 (FFr 6.1725); but fell to SFr 1.5375 (SFr 1.5385). On Bank of England figures the dollar's exchange rate index rose 0.2 to 103.9. Page 33.

STERLING rose in London to $$1.5990 ($1.5985); to DM 2.97 (DM 2.9650); Y240.50 (Y240.25); but fell to SFr 2.4575 (SFr 2.46); and to FFr 9.8825 (FFr 9.8675). The pound's exchange rate index rose 0.1 to close at 72.6. It closed in New York at $1.6035. Page 33

BOEING SHARES soared in hectic trading following news that Mr T. Boone Pickens, Texas corporate raider, planned to build up a stake in the company, the world's largest aircraft maker. Page 21

BAA part-paid shares closed at 166p, showing a 46p premium in the first day of Stock Exchange trading in the privatised stock of what was formerly British Airports Authority. Page 26; Lex Page 20.

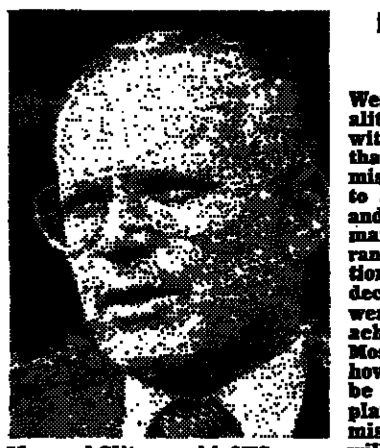
SPANISH stock prices hit a further new high on enthusiastic buying prompted by Kuwaiti-backed investments in the country's industrial companies and banks. Page 44

Reagan says stage set for arms deal with Moscow

BY STEWART FLEMING IN WASHINGTON AND WILLIAM DULLFORCE IN GENEVA

PRESIDENT Ronald Reagan said yesterday that the stage was set for an historic arms control agreement following the tabling of new US proposals for the abolition of intermediate range missiles at the US-Soviet nuclear arms talks in Geneva.

At the same time, the White House announced that Mr George Shultz, the US Secretary of State, would meet Mr Eduard Shevardnadze, his Soviet opposite number, in the US in September. The statement was seen as an indication that momentum was building up towards a summit meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, at the end of this year, an interpretation which the White House encouraged.



Maynard Glitman, chief US negotiator at the INF talks

President Reagan, speaking at a scientific conference in Washington said the US had formally proposed in Geneva a global ban on intermediate nuclear forces (INF), thus matching the offer made by Mr Gorbachev last week. After a period of several weeks during which the two sides appeared to be deadlocked in the INF talks, Mr Gorbachev paved the way for a breakthrough by agreeing to drop the Soviet demand that the US and the Soviet Union should each be allowed to retain 100 medium-range warheads on their own territory.

Under the proposed INF treaty, intermediate range missiles with a range of between 500 and 5,000kms would be eliminated world-wide. Although Washington has made a number of important concessions in its latest proposals, US officials insist that a major, as well as a number of more technical problems remain to be solved.

The biggest outstanding issue is Moscow's insistence that 72 Pershing 1A missiles owned by West Germany, but whose warheads are controlled by the US, should also be scrapped. US officials yesterday emphasized once again that Washington would on no account agree that such "third country systems" could be part of the bilateral talks in Geneva

Mr Max Kampelman, the chief US arms negotiator, made clear in a television broadcast yesterday that Washington would refuse to make any concessions in the Geneva talks which were opposed by its Nato allies. His remarks were a clear reference to West German reluctance to see the Pershing 1As included in the Geneva negotiations.

In Geneva, Mr Maynard Glitman, the chief US negotiator in the INF talks, said he was tabling proposals that would address all outstanding issues.

Several remaining obstacles were listed last week by Mr Alexei Obukhov, the chief Soviet delegate in Geneva, after he had submitted the Soviet pro-

Continued on Page 20

BONN CALM OVER WEAPONS TALKS

West Germany's three-party coalition government has greeted with unexpected calm the fact that the country's Pershing 1A missiles may be the last barrier to agreement between the US and the Soviet Union on the dismantling of all intermediate range nuclear forces. But coalition unity may be tested if the US decides the West German-based weapons must be sacrificed to achieve an agreement with Moscow. Some observers believe, however, that the Pershings will be obsolete by the time any planned destruction of Soviet missiles gets under way and thus will cease to be an obstacle to agreement. Page 2

US-Japanese chip pact may be broken by Intel

BY LOUISE KEHOE IN SAN FRANCISCO

INTEL, one of the largest US semiconductor manufacturers, has subcontracted a Japanese company to produce memory chips to meet a "sudden increase" in demand from Japanese customers.

The move appears to counter US efforts to increase semiconductor exports to Japan after the semiconductor pact the two countries signed a year ago.

The deal is particularly ironic since Intel was one of three US companies that initiated a chip-dumping legal action against the Japanese last year.

Intel, National Semiconductor and Advanced Micro Devices jointly charged Japanese Eprom (erasible programmable read-only memory) chip manufacturers with selling their products below "fair market value".

Under the agreement Mitsubishi Electric will manufacture the chips.

The US company declined to comment on the terms of the contract, described as an expedient way of meeting demand for its products in the "Japan region". Intel denied a Japanese report that it was forced to turn to Mitsubishi because of production problems at its own US plants.

Last year's legal action was settled as part of the US-Japanese semiconductor trade agreement under which Japan agreed to halt chip-dumping and open its market to foreign suppliers

Intel said that it did not consider the deal contradicted its earlier view on Japanese Eprom sales. It conceded that Japanese trade practices had caused "a lot of damage to the US semiconductor industry, prompting lay-offs and plant closures," but saw the Mitsubishi deal as "a way to quickly increase production capability".

US semiconductor industry analysts view Intel's move as a means of maximising profits. The company, they suggest, may be using its own US production lines to make microprocessors and other more profitable products, rather than increasing Eprom production. Despite price increases following the semiconductor agreement, Eproms still carry low profit margins, they add.

Intel could not afford to turn down the Japanese Eprom orders, analysts suggest. If the company had done so, they add, it could be interpreted as a lack of interest in the Japanese market and might also be used to demonstrate that US companies were not taking full advantage of opportunities created by the trade accord.

Fears of Gulf war escalation as US prepares ship escort

BY OUR FOREIGN STAFF

PROSPECT of a fresh escalation in the Iran-Iraq war moved closer yesterday, after Iraq hinted that it would resume attacks on Gulf shipping and Iran said it could retaliate by striking at Kuwait.

The warnings came as the US prepared to restart its military escort operations for Kuwaiti-owned tankers flying the US flag.

They also coincided with a potentially dangerous clash between Iraq and Syria over a Syrian jet shot down in Iraqi airspace.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, said that if Kuwait continued to give Iraq political, financial and logistical support it was probable that Iran would retaliate "even by attacks on certain areas in Kuwait".

It was Iran's most explicit warning to date that it would single out the Gulf state for attack, and appeared to accompany a renewed hardening of the Iranian line.

Mr Velayati, in Geneva for a meeting of the UN conference on disarmament, also restated Iran's earlier position that it would not accept a United Nations ceasefire call "as long as the aggressor regime is in power in Baghdad".

However, he said that if Iraq refrained from attacks in the Gulf, all attacks could come to a halt.

Mr Tariq Aziz, Iraq's Foreign Minister, said on Monday night in Washington that Baghdad would not continue to observe its de facto ceasefire in attacking ships trading with Iran unless Tehran explicitly accepted last week's UN Security Council resolution.

"A de facto situation is not acceptable to Iraq," he said. "Any partial implementation of the resolution will help the Iranian position."

He would not say, however, when Iraq would resume attacks.

Fears that the conflict might cause a confrontation between Tehran and Washington have been raised since the US Navy began escorting reflagged Kuwaiti tankers through the Gulf last week, an operation repeatedly criticised by Iran and condemned yesterday by Ayatollah Ruhollah Khomeini. The first escort operation came to an halt on Friday when the supertanker Bridgeton hit a mine, believed to have been planted by Iran.

Yesterday Kuwaiti oil officials said the US Coastguard had given its approval in principle for the supertanker Bridgeton to start loading oil for the return voyage.

Permission had been withheld pending an examination of the extensive damage suffered. Its storage tanks are understood to be unusable, restricting its load to two thirds of capacity.

Only two Kuwaiti tankers out of a possible total of 11 have been registered in the US: the Bridgeton and the smaller gas carrier, Gas Prince. This may reflect caution within the Kuwait Oil Tanker Company as to whether Kuwait should proceed with its full original plans.

The clash between Syria and Iraq, which are on opposite sides in the Gulf conflict, occurred after Iraq reported that its anti-aircraft guns had shot down a Syrian MiG-21 fighter and captured its pilot.

The aircraft crashed near the town of al-Qua'im about 200 miles north-west of Baghdad. Damascus, which said the pilot was on a training mission and had lost his way, described the Iraqi action as unjustified and demanded an explanation. Baghdad, in what appeared to be an effort to defuse the incident, told the Arab League in Tunis that it was ready to hand over the pilot.

Although Iraq and Syria have frequently accused each other of violating their airspace, this was the first incident. It raised fears of a renewed worsening of relations between Damascus and Baghdad, following intensive mediation efforts by King Hussein of Jordan.

● In his first public statement on the war for some time, Ayatollah Ruhollah Khomeini, the Iranian leader, said US military intervention in the Gulf was "a big trap and a dangerous game".

He warned the US against resuming its naval escort operation for reflagged Kuwaiti tankers and reaffirmed that Iran would not abandon the war until President Saddam Hussein of Iraq had been toppled.

A Buddhist monk shields his face from teargas after a demonstration in Colombo against the visit by Indian prime minister Rajiv Gandhi

India to set up peace force in Sri Lanka

BY K.K. SHARMA IN NEW DELHI, JOHN ELLIOTT AND MERVYN DE SILVA IN COLOMBO

A PEACE-KEEPING force will be established in Sri Lanka to ensure that a ceasefire, due to take effect within 24 hours of today's signing of a peace accord in Colombo, is observed by all parties including Tamil guerrillas, Mr Rajiv Gandhi, India's Prime Minister, said last night.

Mr Gandhi's increasingly tough line, which means India will have a military presence in Sri Lanka, came as Colombo was yesterday brought to a halt by rioters protesting against peace proposals thrashed out between Mr Gandhi and Sri Lanka's President Junius Jayawardene. At least 18 people were killed and more than 100 injured.

At the same time leaders of the main Tamil separatist group, the Tamil Tigers, said they would have nothing to do with the accord which would "enslave" them. They would continue the fight for a separate Tamil state in Sri Lanka.

Mr Gandhi refused to be deflected by these setbacks and was due to arrive in Colombo, as planned, this morning to sign two accords with the Sri Lankan President and moderate Tamil leaders who have accepted the plan to establish a semi-autonomous homeland in the eastern and northern provinces for the minority Tamils.

But yesterday, young activists from the island's majority Sinhalese race rampaged through the centre of the Sri Lankan capital, destroying a large old government office, attacking a government-owned newspaper building, stoning and burning more than 50 buses and cars, and attacking shops.

These were the island's worst riots for four years, but immediate security moves including an overnight curfew suggest they might be kept in check by the government which is determined not to allow widespread rioting to kill today's agreement.

Yesterday's violence started with a protest march by Buddhist monks and political activists and quickly escalated.

"We don't want our country split for the Tamils," said one young demonstrator as he hurled a stone at riot police.

Police and security guards fired tear-gas shells and live bullets at the crowds who swarmed through the city. Confusion increased when large sections of the city's telephone system were temporarily closed down to stop rumours of the riots spreading.

Traffic chaos was compounded by roads being closed for a dress rehearsal of the welcoming ceremonies for Mr Gandhi who was scheduled to arrive with a big delegation including his wife, two cabinet ministers and three junior ministers.

They will fly into a relatively deserted city centre because government offices are remaining closed to help keep people off the streets. Amid tight security with riot squads and army reinforcements standing by, he will negotiate final details of the peace deal with President Jayawardene before signing the pact.

Mr Gandhi's surprise announcement of an immediate ceasefire and a peacekeeping force supervised by Indian observers will raise Sinhalese objections to an Indian military presence on the island.

Korea faces debt default

By Stephen Fidler, Euromarkets Correspondent in London

NORTH KOREA will be placed in formal default on its foreign debt to lenders in the West if the communist government fails to return to debt rescheduling talks, Western banks have decided.

Negotiations with institutions representing 140 creditor banks over a debt rescheduling agreement have collapsed in the last two weeks after the North Koreans pulled out without giving an explanation.

The amount involved is about Dmk 1.4bn ($747.3m), including accrued interest, lent to finance infrastructure in the mid-1970s by two bank syndicates. One was led by Morgan Grenfell of the UK and one by a subsidiary of the Australia and New Zealand Banking Group.

Banks from most Western countries are invloved, except the US which are legally forbidden.

North Korea has paid neither interest nor principal on the loans since March 1984. Before that, payments of interest were desultory and the country has never repaid any principal.

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CONTENTS

ECONOMIC RECOVERY FOR THE LUCKY FEW IN CHILE

General Augusto Pinochet: his regime may finally overcome problems caused by the debt crisis. Page 20

The Bonn coalition parties are at present in agreement on a missiles policy—sit tight and do nothing. **Peter Bruce reports**

West German Pershings problem may succumb to old age

WEST GERMANY'S normally fractious coalition Government has greeted with an almost eerie calm the fact that the country's 72 Pershing 1A missiles may be the last barrier to the US and Soviet Union agreeing to the global destruction of their intermediate range nuclear forces (INF).

Three months ago, as Bonn came under tremendous pressure to agree to the "double zero option" (the elimination of both long and shorter range INF weapons) the three coalition parties fought openly. The Free Democrat's Mr Hans Dietrich Genscher, the Foreign Minister, was accused of near treachery by right-wingers for enlisting American help to win West German approval for the proposals.

Mr Genscher won that battle but it was no surprise that, in agreeing, Chancellor Kohl warned that the Pershing 1As and their US-controlled nuclear warheads, were not negotiable. Neither was it any surprise that when the Soviet Union finally agreed last week to US proposals to scrap *all* INF weapons, including those in Asia, they insisted the West German Pershings go as well.

The absence of hand-wringing and mud-slinging in Bonn in the wake of that demand may have a seasonal explanation—the Chancellor and many senior politicians are away on holiday. But Western diplomats here also believe that for the moment the coalition is in agreement about how to react.

This involves doing nothing and allowing the American INF negotiators in Geneva to make all the running. Mr Genscher said the other day that the West German Pershings were an Allied problem and to the relief of Mr Kohl and his conservative colleagues Washington is refusing to discuss the Pershing 1As. The Geneva talks have moved on to verification and other issues.

But they will inevitably return to the Pershing 1As with Moscow demanding the warheads be removed. Coalition unity may once again be tested, especially if the Americans decide the political price — an INF deal — of West German intransigence is too high.

For the moment though there seems to be real hope in Bonn, for three reasons, that the Pershing 1As will not spoil the INF deal.

In spite of the tough words from the Chancellor, West German Defence Ministry officials have hinted that the Pershing 1As are, in fact, negotiable.

It can be credibly argued that the Pershing 1A warheads cannot form part of an INF agreement.

The Soviet Union has overwhelming superiority in short range nuclear missiles and could still retaliate if ever the Pershing 1As were used.

Last Friday, in remarks that appeared to signal a softening of Bonn's stance, a Defence Ministry spokesman said that if Moscow wanted to discuss the Pershing 1As, a new negotiating forum (other than INF) would have to be found. Tongue in cheek, he suggested the missiles might be traded off for cuts in Soviet conventional capabilities in Europe and said the missiles were an "important option" for the country should it ever want something from the Russians.

Because the warheads are under separate US control, and part of a bilateral agreement between the US and West Germany, Washington has argued in Geneva that they cannot form part of the INF talks which should concern only Soviet and American weapons. The Western side is also arguing that the INF talks have from the start been about missiles and not warheads and that to alter that now could endanger the entire process. The Americans are also anxious to protect bilateral deployment agreements with other Nato allies.

Although the range of the Pershing 1As is around 720 km, which would make them roughly equivalent to the shorter range INF missiles, they cannot threaten Soviet territory. Soviet Scud missiles, however, with a range of around 300 km and based in East Germany and Czechoslovakia threaten West Germany and will not be removed under an INF deal.

Officials in Bonn believe the Soviet Union, if pushed, may also not want to lose an INF agreement over weapons they are not directly threatened by.

"It is highly possible that, at the end of the day, the Russians will not make that (the Pershing 1As) a sticking point," said one ranking European envoy yesterday.

Although the West German press was quick to write off the Pershing 1As after the Soviet offer last week, more considered speculation in Bonn holds that the missiles will simply be allowed to "wither on the vine," as one diplomat put it.

The Pershing 1As are nearly 25 years old and, it is said, will become obsolete in the early 1990s. In return for a promise not to modernise them, some officials here feel Moscow might be content to drop its demand that they form part of an INF deal. Indeed, if an INF agreement were signed tomorrow, the Soviet Union would probably not have completed destruction of its SS20s by the time the Pershing 1As need major modernisation. If that modernisation were carried out, the Soviet Union would, theoretically, still be able to respond.

An immediate problem for Bonn and Washington, though, is that if important West German decisions are required as the negotiations in Geneva approach a conclusion, they may be difficult to get. The Chancellor will be on holiday in Austria for another few weeks and it might be very difficult to assemble a Cabinet, let alone party machines, until September.

WEST GERMANY'S Defence Minister, Mr Manfred Woerner (right), yesterday dismissed calls by two former French ministers for the deployment of French tactical neutron weapons in West Germany to strengthen both countries' defence against the Soviet bloc, Reuter reports from Bonn.

He said the opinions expressed by Mr Charles Hernu and Mr Pierre Messmer were personal views and did not reflect French government policy. Mr Hernu, a former Socialist Defence Minister, told the West Berlin daily newspaper Tageszeitung in an interview that Franco-German security would be best served by deploying France's land-based tactical missiles on West German soil.

Greece 'will continue efforts to cut deficit'

By Andriana Ierodiaconou

CRITICS of the Greek Socialist Government's two-year-old economic stabilisation programme were warned yesterday by Mr Costas Simitis, the Economy Minister, that efforts to curb inflation and reduce domestic and external deficits must continue in 1988.

Mr Simitis said, in an interview, that otherwise there was a risk of a sharp reversal of Greece's economic situation and its credit-worthiness abroad.

Greece's foreign debt at the end of 1986, according to the central bank, stood at $17.127bn.

Mr Simitis said: "There are some who don't seem to realise the gravity of the economic problems we face. This domestic debate is not good for the climate abroad, where if we appear inconsistent we could face problems." The minister made his comments on the day following the publication of the annual report on the Greek economy by the Organisation for Economic Co-operation and Development which praises the results so far of the economic stabilisation programme but urges that it continue.

Criticism

The sharpest criticism of the Government for its economic policy comes from inside the Socialist party and from trade unions.

Despite an expected overshooting of the current account deficit target for 1987, Mr Simitis ruled against a further recourse, by means of the Treaty of Rome, to the European Community which provided Greece with an Ecu 1.75bn (£1.23bn) balance of payments support loan in 1985.

The deficit is expected to reach $1.5bn this year, largely reflecting an unabated rise in non-oil import costs, down from $1.7bn in 1986 but substantially in excess of the 1987 target of $1.25bn.

According to Mr Simitis, the toughest problem confronting the authorities is public sector spending. Due to an overshooting of targets, "at best" the net public sector borrowing requirements will be reduced from approximately 14 per cent of gross domestic product in 1986 to 12 per cent of GDP this year, against a target of 10 per cent of GDP.

Steps to reduce borrowing needs in 1988, according to the minister, will include cuts in public investment and subsidies as well as a renewed drive to boost tax revenue. This will include efforts to draw into the tax net groups such as farmers, who provide only 0.2 per cent of income tax revenue although they form 27 per cent of the working population.

Austerity

The minister confirmed that the Government's one concession in 1988 will be a relaxation of wage policies which, however, will be balanced by a tight monetary and credit policy and an austerity budget. Greek workers, who will have suffered approximately an 11 per cent reduction in real income over 1986 and 1987, can expect pay increases somewhat higher than inflation next year, with a possible link between pay and productivity in the private sector.

The extent of the pay relaxation will be limited by the need to contribute to reduce inflation. This year the December on December rate of inflation is conservatively estimated to reach 14.5 per cent against a target of 10 per cent. Last year inflation reached 17 per cent. The overshooting of this year's target is partly due to the introduction of Value Added Tax in Greece last January.

STATE HELP WITH NEW FACTORY SITE SCALED DOWN

Brussels set to drop Daimler inquiry

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission is today expected to call off a controversial investigation into state aid for a DM 1.8bn (£610m) car plant to be built by Daimler-Benz, the West German motor manufacturer.

A full meeting of the Commission is to be asked to end the inquiry in the light of an offer by the Baden-Wuerttemberg state government to alter the terms under which Daimler-Benz is to get the site at Rastatt.

This will end what has been an embarrassing episode for the West German Government, ironically known as a tough campaigner for ending national industrial subsidies. The Commission opened proceedings against Bonn last autumn under EC competition rules outlawing national aid likely to give its recipients unfair advantages over Community competitors.

It suspected that the Rastatt and Baden - Wuerttemberg authorities were planning to sell the sit to the car group for between DM 170m (£57m) and DM 200m (£67m) below market value. It also questioned whether the state government's proposal to spend DM 100m on preparing the site—an area of open farmland partly owned by the Rastatt town authorities and unsuitable for industrial use in its present form—for Daimler-Benz.

EC competition authorities are reported to have been satisfied by fresh proposals from Baden-Wuerttemberg, sent via Bonn to the Commission earlier this month.

which should be released today, is understood to allow the state authorities to pay 80 per cent of the cost of preparing infrastructure for the site—such as gas and water supplies—leaving it up to Daimler-Benz to pay for the foundations and the rest of the construction. The Commission is also thought likely to agree to a price slightly below what would normally be paid for land which had been prepared for industrial use.

Theoretically, the Commission can block illicit national assistance or force companies to repay aid—a power which it has used several times in the past year. Because of the investigation, the car group cannot start building the plant until it receives the green light from Brussels. Construction is due to start next summer and lead to the creation of 7,000 jobs.

Brussels raises limits on steel production

BY WILLIAM DAWKINS

A GLIMMER of light for the depressed European Community steel industry appeared yesterday when the European Commission in Brussels enlarged its output controls for some products.

The decision alters the output limits set earlier for the third quarter of the current year. It marks a small but possibly cheering change after three successive quarters in which the Brussels authorities have cut quotas in response to a steady contraction in demand. EC output controls were set up in 1980 to help steelmakers restructure in the recession.

Quotas for hot rolled coil, the product in which EC overcapacity is heaviest, have been lifted from the earlier third quarter figure of 3.23m tonnes to 3.74 tonnes. Smaller increases have been made for cold rolled sheet and merchant bar, lifting the overall quota from 12.45m tonnes to 13.05m tonnes — still well below the 15.3m tonnes set for last year's third quarter.

Commission officials said the increase in hot rolled coil quotas reflected an upsurge in export demand, which is expected to mop up 85 per cent of the new allocation. The increases for the other products came chiefly in response to better demand inside the EC, mainly from the UK where output is surging ahead of its Community partners.

EC steel production fell by 2.1 per cent to 63.6m tonnes in the first half of 1987, down from 64.9m tonnes in the same period last year, according to the latest figures from the International Iron and Steel Institute. Within that, UK output rose by 17.5 per cent to 8.7m tonnes. However, overall EC steel production rose slightly in June, up by 3.5 per cent on the same month in 1986 to 10.9m tonnes.

EC STEEL OUTPUT QUOTAS
(third quarter 1987)

	Original figs (m tonnes)	Adjusted figs
Hot rolled coil	3.23	3.74
Cold rolled sheet	2.99	3.04
Quarto plate	1.14	same
Heavy sections	1.02	same
Wire rod	2.17	same
Merchant bars	1.90	1.93
Total	12.45	13.05

Source: European Commission

Madelin to defend Renault aid

By Paul Betts in Paris

MR ALAIN MADELIN, the French Industry Minister, has asked for a meeting with Mr Peter Sutherland, the EEC commissioner in charge of competition, to explain the Government's position on state aid to the Renault motor group. They are expected to meet after the summer holidays.

The European Commission announced on Monday that it would open a new investigation on French government grants to the financially troubled state - owned car group.

Brussels is to investigate some FFr4bn (£400m) worth of capital endowment grants advanced to Renault last year and this. The Commission has conducted similar inquiries into state grants to Renault in 1985 and last year totalling a further FFr 6bn.

The French Goverment has repeatedly argued that the Renault grants do not constitute unfair subsidies in that the Government was acting as a responsible shareholder of the car group by injecting fresh capital.

However, the Commission has been suspicious for some time of the French Government's capital grant policies towards state sector groups, considering that these grants could constitute disguised subsidies. It has already investigated grants to state industrial groups including the Pechiney aluminium and metals concern, and the CDF Chimie chemicals group.

Mr Madelin is expected to explain to Mr Sutherland the Government's past, present and future position towards Renault, which so far is not included in its privatisation programme. Although Renault is recovering after considerable restructuring, the group continues to be burdened by debts of about FFr 54bn.

The latest EEC inquiry is clearly proving embarrassing for the Government which has been actively studying how to recapitalise the car group and restructure its balance sheet. Mr Madelin has also recently renewed his commitment to lower grants to state owned enterprises.

Kunayev loses post

THE former Kazakhstan leader, Mr Dinmukhamed Kunayev, who was dismissed for corruption, lost his last Soviet Communist Party post when he was removed from the Asian republic's central committee, Reuter reports from Moscow.

The secretary to the new Kazakhstan leader, Mr Gennady Kolbin, said the central committee had dropped Mr Kunayev but he remained an ordinary member of the Communist Party.

Optimistic outlook for jobs in Ireland

BY HUGH CARNEGY IN DUBLIN

IRELAND HAS a real prospect of creating as many jobs as it loses in manufacturing industry this year for the first time since 1980, according to Mr Padraic White, managing director of the Industrial Development Authority.

He said he expected industrial output growth to double to more than 5 per cent, thanks to expanding exports which had grown by 12 per cent in volume in the first half of 1987. This compares with most forecasts for the economy as a whole of around 1 per cent growth.

In a report on its performance last year, the IDA said total capital investment commitments made by companies in 1986, the benefits of which will flow this year and later, were up 40 per cent to I£585m (£525m). The bulk—I£392m—was accounted for by 180 foreign investments projects in sectors ranging from chemicals and engineering to computer-based services.

New jobs created in 1986 in IDA-backed investments were up slightly at 11,150. But the struggle to stem the tide of unemployment, currently standing overall at 19 per cent of the workforce, was shown by a net decline in empoyment of 1.3 per cent in manufacturing and other IDA grant-aided companies.

The cost to the taxpayer of each new job sustained over six years, taking failed projects into account, averaged out at I£18,000 each, a figure that rises to I£20,000 for foreign projects.

These costs and the expensive collapse of some high profile foreign projects, notably the shutdown in June of a plant in Dublin run by Hyster Corporation of the US, have led to some criticism of the inward investment programme. Mr White said the state's stake in such investments was now more secure because of new conditions attached to aid.

Padraic White: industrial output growth to double

These included projects having to show potential benefits to the economy over seven years or four times the cost of grants, payments not being made until job creation commitments were met and making grants to overseas companies dependent upon parent company guarantees.

In seeking new inward investment, the IDA was increasingly looking to the Far East where it saw opportunities for attracting manufacturing projects such as an I£60m venture won for Sligo from the South Korean video tape maker, Saehan Media. In the United States, still by far the biggest source of foreign investment in Ireland, the IDA had shifted away from traditional manufacturing projects in favour of service industries such as software development, data processing and financial services.

Turkish bank chief appointed

By David Barchard in Ankara

A NEW governor has been appointed for Turkey's central bank after a power struggle lasting nearly 10 months. He is the bank's 38-year-old Dr Rustu Saracoglu, at present the deputy governor and a US-trained economist who worked with the IMF before returning as a special adviser to the prime minister nearly three years ago.

Dr Saracoglu has been appointed over the head of the man who has been acting governor for the past 10 months, Mr Zekeriya Yildirim. There were reports yesterday that Mr Yildirim had resigned.

The post fell vacant last September when Mr Yavuz Cancvi was somewhat reluctantly translated to the Undersecretariat of the Treasury and Foreign Trade. The original attempt by the Prime Minister, Mr Turgut Ozal, to appoint Dr Saracoglu failed after strong protests from the civil service, led by the Deputy Prime Minister, Mr Kaya Erdem.

The choice between the two candidates was not an easy one as both are agreed to be outstanding in their different ways.

Dr Saracoglu is largely responsible for the setting up of new banking and money market institutions in Turkey in recent years. Mr Yildirim is very much a banker's banker and is much better known in European banking circles. His main role in recent years has been to negotiate the borrowing needed to cover Turkey's chronic current account deficit.

The deision to pass him over, while still only in his mid-40s, will undoubtedly cause some sadness. Dr Saracoglu, who will be the youngest-ever governor of the Turkish central bank, now faces the task of projecting himself in the international money markets.

The powers of the central bank and its governor were pruned several weeks ago by a government decree bringing it more strictly under ministerial control.

W Berlin protest over visit by Honecker

BY LESLIE COLITT IN BERLIN

A WEST Berlin politician on the right wing of the ruling Christian Democrat Party (CDU) urged the Bonn Government not to receive East Germany's leader, Mr Erich Honecker, with "full honours" when he visits West Germany in September.

Mr Heinrich Lummer, a West Berlin deputy in the West German Parliament, suggested yesterday that such a reception would be inappropriate for a man who was responsible for escapees being shot at the Berlin Wall.

The remark was the most critical yet of the forthcoming visit from within Chancellor Helmut Kohl's CDU. The Bonn Government has warned against undermining the visit by raising unaccpetable demands. Mr Honecker is to be received with the normal protocol reserved for visiting heads of state on his first official visit to West Germany on September 7-12.

A previous plan by Mr Honecker to visit Bonn in 1984 was also accompanied by sharp criticism from the right wing of the CDU. Ultimately, East Germany said the criticism forced Mr Honecker to cancel the visit, although Moscow's objections to his going were the main reason.

West Berlin officials said there was a danger the East German leader's visit might also be "torpedoed" if there were a particularly serious shooting incident at the Wall. They speculated that East Germany may have ordered its border guards to avoid shooting at escapees until Mr Honecker's visit is over.

Next weekend will also provide a test for East Germany as a West Berlin rock music festival is again to be held near the Wall at the Brandenburg Gate. East German rock fans clashed several times with the police last month on the Unter den Linden boulevard when they were prevented from getting close enough to the border to hear the music.

Rust to face trial on three counts

MATHIAS RUST, the West German pilot who flew a light plane without authorisation from Helsinki to Moscow in May, will be tried on three charges, a Soviet investigator said yesterday, **Reuter reports from Moscow.**

The investigator said the charges were: illegal entry into the country, violation of flight rules and malicious hooliganism.

The legal and consular counseller at the West German embassy, Mr Gerhard Schroembgens, was told of the charges during a visit to Mr Rush in Moscow's Lefortovo jail, where he has been held since landing in Red Square on May 28.

Under the air violation charges, Mr Rust, 19, faces a sentence of up to 10 years in prison. Illegal entry could result in a sentence of three years and malicious hooliganism five years under the Soviet criminal code.

There had been speculation that the young Hamburg flying buff might be freed soon after a trial, but diplomats said that that now appeared unlikely.

Dublin court bars sale of British newspaper

BY OUR DUBLIN CORRESPONDENT

THE British newspaper, The Independent, has been ordered by the High Court in Dublin to cease sale and distribution in the Irish Republic from next Monday because of a clash of titles with the Irish Independent.

The court granted an injunction to the Irish newspaper, barring its rival, after the Irish Independent claimed that it was habitually known in Ireland simply as the Independent or "Indo."

By trading under the same name the British paper would be exploiting goodwill established by the Irish title at considerable expense over a number of years, argued the Irish Independent, Ireland's biggest selling daily with a circulation of about 150,000.

The defendant newspaper was last night considering an appeal

The British paper, launched last October, went on sale in the Irish Republic on June 29. Since then, the court heard, it had distributed about 1,400 copies a day in Dublin but had sold about 700.

The paper said its different style and content meant there was no likelihood of confusion. The Irish Independent, at 50 Irish pence, costs 10 Irish pence more. There were no plans by the importer to advertise in the Republic where the British paper was concerned only to be available.

Most British newspapers circulate in Ireland. The popular tabloid papers have a big daily sale but the British broadsheets such as The Times and The Guardian offer little competition to the Irish broadsheets, the Irish Independent, Irish Times and the Irish Press.

Swiss exports down

FOREIGN orders for Swiss industry last year remained stagnant at 1985 levels while figures for the first quarter of this year show a 4 per cent fall on the same period of 1986, **writes John Wicks in Zurich.**

A further decline is expected in the second quarter with no marked change expected in the next few months, according to a survey by the Union Bank of Switzerland.

Europe's other capital fears a move up the road

BY TIM DICKSON IN BRUSSELS

European Diary

Luxembourg

FOR SUCH a tiny country—it is little bigger than an English county — Luxembourg enjoys enormous influence and prestige.

But the smallest member of European Community is starting to worry that its larger colleagues want to put it in its place.

The source of Luxembourg's disproportionate influence is its well established position as the EC's alternative "capital"—the seat, for example, of the powerful European Court of Justice, the site of the important Court of Auditors (the EC's financial watchdog), and (most contentiously perhaps) the host for theree months out of 12 to all meetings of the Council of Ministers.

Maintaining their position in the European club has always been a struggle for the Luxemburgers—but recent developments suggest that the ever present challenge from Community rivals is hotting up.

At the end of last month, for example, Luxembourg came under strong diplomatic pressure to allow two emergency Council meetings to be held in Brussels "for convenience sake," as one European Commission official put it. In the event Luxembourg insisted on its right under the 1965 Inter-Government Agreement to stage the Transport Council but relented in the case of the meeting of Farm Ministers.

Discussions, meanwhile, have been taking place inside the Eupropean Commission over where to base the new European Community Trade Mark Office. Luxembourg believes that under the same 1965 Agreement it has an unambiguous right to all "new quasi-jurisdictional" institutions but amid the powerful lobbying from other member states its claim so far appears to have been ignored.

The Commission has not yet made a formal recommendation to the Council of Ministers; but when the time comes Madrid or The Hague seem much more likely to come top of the list.

Just as worrying for Luxembourg is continuing speculation surrounding the European Parliament. At the moment the Parliament's secretariat is located in the Grand Duchy with plenary sessions in Strasbourg and committee meetings in Brussels. But just as many Euro MPs and Community officials would like to see Brussels stage the regular plenary sessions of the assembly so others would like the secretariat to "move back up the road" to the Belgian capital.

The feeling of insecurity is only made worse by the fact that new Community policies—reform of the Common Agricultural Policy (CAP) and proposals to harmonise Value Added Tax and excise duties, for example — will hit the Grand Duchy

The situation is not helped by the fact that Luxembourg's Commissioner Mr Nicolas Mosar has made little mark and is treated with widespread disdain in the Community.

But to a considerable extent what is happening is the inevitable result of an enlarged Community, and the somewhat reduced dominance of the Franco/German alliance. "Inside a Community of six, we could make our voice heard more easily, often as a compromising influence between Paris and Bonn," one Luxembourger in the Commission explained. "With a Community of 12 it is obviously much more difficult."

The Grand Duchy's much trumpeted flexibility in Council discussions, moreover, is said to be not always what is seems. "There are a few issues on which they really dig themselves in and others where we get the impression they don't really care," said one senior Community diplomat recently.

"As a result," he adds, "there are many who are questioning the inefficiency of having Council meetings in two places. But under the 1965 Agreement they can hold a pistol to the head of other member states and drag 200 people, lemming-like, down the road to Luxembourg."

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Manila orders inquiry into foreign debt

BY OUR FOREIGN STAFF

THE NEW Philippines congress yesterday ordered an inquiry into the country's foreign debt, its first action since it convened, following a strong attack on creditor banks by President Corazon Aquino.

A resolution passed by the Lower House said an inquiry should be held into "the state of the country's debt and its utilisation to determine whether selective repudiation is necessary."

The Senate passed a separate resolution ordering a review of the entire debt restructuring agreement signed by the Philippines.

President Aquino used her first state of the nation address on Monday to attack creditor banks, which she said had "coerced" the country into signing an agreement rescheduling some $13.2bn of the country's external debt.

An agreement on the debt was completed in March, but the Government threatened to reopen talks on the issue when it became clear that Argentina had obtained a lower interest rate on its debt rescheduling pact. Unlike Argentina, the Philippines is making token repayments of principal and is not seeking new money from the banks.

Manila later backed down on its threat and its 12 leading bank creditors were set to lead the country's 400 bank creditors into signing the agreement on July 17.

What seems to have prompted Mrs Aquino's outburst, however, was the attitude of Barclays Bank, which led two bank syndicates owed a total of $64m by Planters Products.

Barclays has not yet signed the agreement, although yesterday a spokesman said the bank had given notice of its intention to sign once money is freed by the Government, as promised, for Planters Products creditors.

The dispute with the 10 or so bank lenders, led by Barclays, has been hanging over since 1984, when Planters Products defaulted on its debt. Many financial difficulties were caused by a government policy of distributing subsidised fertiliser to peasants, and the banks say the government of former President Ferdinand Marcos had promised they would cover the Planters' debts.

This, however, was apparently never done. Barclays took up the issue, taking the bulk of the opprobrium as leader of Planters' lending banks, but with the support of other banks on the country's creditor committee, such as Citibank and Manufacturers Hanover.

According to a Reuters report from Manila yesterday, Finance Secretary Mr Jaime Ongpin said President Aquino has signed an executive order releasing about $30m to the banks.

Barclays said yesterday that it had learned of the executive order on July 16, only one day before the signing of the agreement was due to start.

It viewed the order as a "positive step" and said it "has indicated that it will sign the current rescheduling agreement as soon as the Planters Products arrangements are completed."

Gencor mine riot kills five and injures 12

By Anthony Robinson in Johannesburg

WORK RESUMED yesterday at the Leslie gold mine in the eastern Transvaal, owned by Gencor, the mining conglomerate, after two days of violent clashes in which five black miners died and 12 were injured.

Management and union representatives were still seeking the cause of the fighting in which over 500 miners armed with knives and sticks took part. The fighting appeared to be similar to the faction fighting in which more than 120 miners lost their lives last year.

The industry is tense following the breakdown of negotiations over this year's annual pay award. The National Union of Mineworkers rejected the Chamber of Mines offer ranging from 17 per cent to 23 per cent. Earlier this month the union voted in favour of strike action to back the NUM's claim for 30 per cent.

Meanwhile over 4,000 mine and smelter workers went on strike at the Tsumeb, Kombat and Otjihase mines in Namibia yesterday.

Labour problems in South African gold mines contributed to a further decline in gold production over the first six months. Latest figures from the Chamber of Mines show a decline to 9.90m ounces compared with 10.32m in the first six months of 1986.

● South Africa's trade surplus rose to R1.02bn in June after falling to R942.4m in May, but was down from a surplus of R1.59bn in June last year, Reuter reports from Pretoria.

Tony Walker analyses the slow recovery from the economic disasters of the early 1980s

Kuwait keeps a wary eye on the past

AMID DEEP anxiety about the Gulf war and political troubles at home, Kuwait is taking tentative steps to stimulate its economy, only now emerging from a deep recession following a 1982 stock market crash.

But caution remains the watchword for Kuwaiti officials. They wish to avoid a repetition of past mistakes, when the oil boom fuelled an atmosphere of unrestrained speculation in shares and real estate, contributing to an almost inevitable bust.

The 1987-88 budget, published at the end of June, provides for a relatively modest 3.4 per cent increase in spending over the previous year, the bulk of it accounted for by increases in wages and salares.

Similarly, the central bank is exercising strict control over monetary growth which reached a staggering 81.4 per cent in 1981 before falling to minus 18 per cent at the height of the recession in 1984.

"Things are getting back to normal," said Dr Imad Moosa, an economist with the Kuwait International Investment Company. "Kuwait's economy is now behaving like a normal free market economy, although it is still a developing country."

Attitudes in the banks, investment houses, trading companies and in the government itself remain wary, however. The Gulf war, now almost in its eighth year, continues to affect business confidence.

The nervousness of Kuwaiti investors is reflected in the periodic bouts of capital flight that greet moments of crisis linked with the Iran-Iraq war.

The central bank has sought to restrain capital outflow by adjusting the value of the Kuwaiti dinar against the dollar.

Government efforts to restore confidence to the economy after the Souk-al-Manakh stock market crash, which left local banks with debts of $15bn, much of it unsecured, appear to be making progress.

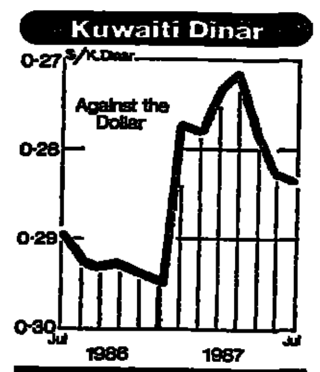
The stock market has recovered somewhat in the past year. The average price of shares rose 41 per cent in 1986 following a 55 per cent drop the year before. According to an index published by Al-Shall Economic Consultants, shares appreciated a further 30 per cent in the first three months of this year.

"Everything here depends on the health of the stock market," said Dr Moosa. "If it's in good shape so is the economy."

He attributed the recovery in the value of stocks to decisions taken earlier this year to lower interest rates, the splitting of shares into smaller par values to encourage broader ownership and permission granted to companies to acquire 10 per cent of their own shares.

Government purchases of stock are also contributing to the recovery. It reportedly now owns more than 50 per cent of shares in Kuwait's 44 publicly listed companies.

A settlement programme announced in August 1986 to



deal with the mountain of debt left over from the Souk-al-Manakh crash has contributed to a revival of confidence in the banking sector. Debtors are still engaged in the reporting of assets, but according to central bank officials this process is making good progress.

Under the scheme, debtors with a positive net worth are required to meet their obligations or risk foreclosure. If, however, the debtor has a negative net worth, the banks are to divide liabilities into two parts, covered by a low interest loan equal to the amount of assets and an interest-free promissory note for the rest.

At the end of 10 years the loans would be paid up and the notes written off, the banks having made necessary provisions. Meanwhile, the central bank would have compensated the individual banks for the reduced income resulting from participation in the programme, thus assuring a profit to the banks and a dividend to the shareholders.

This ingenious scheme has generally been welcomed in Kuwaiti business circles as a reasonable solution to a tangled web of indebtedness that had contributed to a virtual paralysis in the local economy.

A problem for the banks and for the government itself is that a number of big creditors, some of whom are close to the ruling family, are under-declaring assets abroad and are therefore benefiting disproportionately from the central bank sponsored "bailout" programme.

This is causing resentment in banking circles and among some Kuwaiti professionals who were appalled at the excesses revealed in the Souk-al-Manakh crisis.

"Why should I reschedule on zero interest when these guys have huge undeclared assets abroad, including private jets, private fleets of Mercedes and investment companies," said one foreign banker. "They borrowed millions on the basis of high net worth, and now they come to us because they want to have a free ride."

Kuwait's 1987-88 budget projects a 4.2 per cent increase in oil revenues to KD 1.76bn, with a budget deficit of KD 1.38bn—though the recent strengthening of the oil market suggests revenues may turn out somewhat higher, and the deficit lower. In order to help finance the deficit, the Government is also planning to issue debt to local investors. This would be the first time any Gulf state had tapped the market in this way.

Local economists are critical of continued deficit budgeting. Mr Jassim Saadoun of the Al-Shall Economic Consultants, believes that even if oil prices rebounded to about $30 a barrel Kuwait will still need to engage in some belt tightening by the 1990s if it is not to eat further into foreign exchange reserves.

Kuwait's reserves, totalling about $90bn, are held in two funds:

● The State General Reserve stands at about $35bn. It can be drawn on for budget expenditures;

● the Fund for Future Generations, which cannot be touched until 2001, stands at $55bn. There is a mandatory transfer of 10 per cent of budget revenues into it.

Because of the government's handling of the Souk-al-Manakh crash and its aftermath, including its pump priming measures to revive the stock and real estate markets, the State General Reserve has been drawn on at a rate of between $2.8bn and $5bn a year since 1984.

"This level of spending cannot go on forever," said Mr Saadoun. "We'll have to cut the budget, but the problem is that Kuwaitis have got used to a standard of living and are unprepared to make sacrifices."

Tight budget for Zimbabwe

BY TONY HAWKINS IN HARARE

ZIMBABWE'S Finance Minister, Dr Bernard Chidzero, is expected to present an austerity budget to parliament today combining tight controls on public spending with some tax increases.

Economists in Harare believe that with the economy slipping deeper into recession, the Finance Minister has little room for manoeuvre, though officials said earlier this month the budget deficit would turn out to be lower than forecast a year ago.

In the 1986 budget Dr Chidzero forecast a deficit of Z$1.05bn (£388m). This was subsequently raised to Z$1.2bn by supplementary appropriations. However the actual deficit is now expected to be closer to Z$950m or about 11 per cent of gross domestic product, reflecting savings on expenditure and higher revenues than forecast.

For 1987-88, government spending is forecast to increase at least 10 per cent which would necessitate some tax increases if the deficit is to be kept close to the Z$1bn predicted by government officials.

There is speculation that the minister will re-impose the drought tax surcharge on both personal and corporate incomes to cover an estimated Z$85m allocation for drought relief. Some increase in indirect taxes—on alcohol, cigarettes and possibly fuel—is also expected, if only to keep pace with inflation.

With revenue growth forecast to be sluggish in a year in which real GDP is forecast to decline by at least 3.5 per cent and at a time of a price and wages freeze, Dr Chidzero may be forced to carry forward state-owned company losses for another year rather than bring them to account in the current fiscal year. This would enable him to put a cap on the budget deficit while avoiding big tax increases and severe spending cuts.

The minister is likely to comment in his budget speech on the government's attitude towards tax reform following the report by the Commission of Inquiry into Taxation which is due to be published soon.

Iraq overtakes Iran as oil producer

IRAQ has overtaken Iran, its enemy in the Gulf war, to become potentially the second largest producer in the Organisation of Petroleum Exporting Countries by commissioning an oil export pipeline through Turkey, according to oil sources, Reuter reports from Bahrain.

On Monday, the first flow of crude through the 500,000 barrel per day line arrived at Turkey's Mediterranean coast and Mr Issam al-Chalabi, the Iraqi Oil Minister, said, Bahgdad was nearing its pre-war export capacity.

Gulf oil traders said they believed exports from the Yumurtalik terminal in Iskenderun bay would start to operate soon.

The pipeline, which is Iraq's third export pipeline, constitutes an important prong of Baghdad's drive to rebuild its oil strength. This was curtailed when Iran shut off Iraq's exports through the Gulf at the beginning of the seven-year-old war.

The war cut Iraqi production to less than 900,000 b/d in 1981, the first full year of the war. This compared with the peak of about 3.5m b/d in 1979.

Syria, Iran's ally, further reduced Iraq's export capacity in 1982 when it shut a pipeline across its territory carrying Iraqi crude to the Mediterranean.

However, Iraq is now able to produce more than 2.5m b/d, higher than the 2.369m b/d allowed for Iran by Opec and second to Saudi Arabia's 4.3m b/d.

Iraq's two other big pipelines—one recently expanded through Turkey and another built recently in Saudi Arabia—lead away from the war zone.

Saudi Arabia has also built pipelines to the Red Sea and Iran is thinking of building lines to avoid the Gulf.

The extra oil will provide Iraq with money for its war effort and give it more leverage within Opec, oil sources said.

Fiji chiefs back ethnic constitution

BY OUR FOREIGN STAFF

FIJI'S traditional chiefs yesterday proposed a plan for radical constitutional changes which would circumscribe democracy in the islands. The plan seeks to ensure perpetual political power for the indigenous Melanesians and exclude Indians from gaining political control, the central aim of the military coup on May 14.

A senior member of the Great Council of Chiefs said the paramount body threatened to declare Fiji a republic if its plan was rejected by Governor-General Ratu Sir Penaia Ganilau.

Ratu Ganilau, who heads an interim administration, has appointed a special committee to review the constitution. The plan would expand the number of parliamentary seats to 71 from 52 and abolish the Senate. It was worked out in 10 days of discussions, highlighted by demands from the extremist Taukei Movement to turn Fiji into a republic.

Under the council plan 40 Fijian members of parliament would be nominated, rather than elected, two from each of the 14 provinces and eight from the Great Council of Chiefs with the prime minister appointing the other four.

Twenty-two seats would be reserved for ethnic Indians, eight for other races and one for the far-flung northern island of Rotuma. All the non-Fijian seats would be elected.

The prime minister would be elected from the Fijian members of parliament.

Nakasone successor vote set for October

JAPAN'S RULING Liberal Democratic Party will install a successor to Prime Minister Mr Yasuhiro Nakasone as its leader at a convention on October 31, a party spokesman said yesterday, Reuter reports from Tokyo.

The new party president will later become Prime Minister.

Leading contenders to succeed Mr Nakasone, whose term ends on October 30, are Finance Minister Mr Kiichi Miyazawa, former Finance Minister Mr Noboru Takeshita and former Foreign Minister Mr Shintaro Abe.

A fourth but minor contender is former LDP vice-president Susumu Nikaido.

US bases 'key to relations with Manila'

BY OUR FOREIGN STAFF

THE ISSUE of US military bases in the Philippines is likely to determine future relations between the two countries, a spokesman for President Corazon Aquino said in Manila yesterday.

Mr Teodoro Beningo said that Mrs Aquino, who has called on her American allies to provide more economic and military aid to rebuild the Philippine economy and help Manila fight Communist insurgents, has reached a "threshold" in patience.

Mr Beningo spoke shortly after US Representative Stephen Solarz had said that Washington was looking at possible new locations for the bases, the largest concentration of US military installations outside the continental United States.

However, any move would mean splitting the bases and leave an important hole in the US presence in Asia. Subic naval base on the west coast of Luzon, the Philippines' largest island, has one of the finest natural deep water ports in the world and Clark air base has thousands of acres of land for the force exercises.

The new Philippine Congress, which opened yesterday, is to decide whether to renew the bases agreement, which expires in 1991. Many in Congress, the country's first elected legislature for 15 years, promised during election campaigns to get tough with the US by throwing out the bases or demanding better terms for their stay.

Many diplomats feel that both sides are simply playing a poker game and that the bases are certain to remain after 1991. The loss to the Philippine economy, if they were to go, would be devastating while the strategic defence loss to the est is felt to be too great to be acceptable.

AMERICAN NEWS

Meese fends off responsibility for Contra affair

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR EDWIN MEESE, the US Attorney-General and a close friend and adviser to President Ronald Reagan, yesterday vigorously defended the investigation he conducted last November into the Iran-Contra affair.

He insisted that errors in the President's presentation of the facts to the US people, and misleading testimony to Congress at that time, were the responsibility of "those who had knowledge" of the covert operations to sell arms to Iran and divert profits from the sales to the Contra rebels in Nicaragua.

"The truth is I did not have the knowledge to make any judgment of the accuracy of testimony (to Congress)," Mr Meese said, adding that those who did included Lt-Col Oliver North, the dismissed National Security Council aide. In his testimony this month, Col North had sought to shift responsibility to senior administration officials, in particular Mr Meese.

However, Mr Meese did reveal for the first time that, in January 1986, he had been briefed by Col North on the outlines of the Iran arms sales. But he added that thereafter his knowledge of the details of the operations was "fragmentary."

He explained that a conscious decision had been taken to keep information about the covert operations "compartmentalised" so that the information should not leak out.

The attorney-general struck a conciliatory tone towards the investigating Congressional committee and the Congress, one which contrasted sharply with the assertions of Rear-Adm John Poindexter, former National Security Adviser, and Col North, who seemed almost to revel in their conviction that Congress had no right to know about the administration's covert policies.

"I would be remiss if I did not acknowledge one of the often stated goals of these hearings—the need for a constructive relationship between the executive and the legislative branches in the conduct of foreign policy," Mr Meese said.

Mr Meese is a controversial figure on Capitol Hill and a man who has been weakened politically by questions about the conduct of his financial affairs and allegations of influence peddling which are being investigated by a special counsel. He is expected to be given a tough grilling by the Congressional committees.

His conduct of the initial probe into the Iran-Contra affair for the president has been seen by some as evidence of an attempted cover-up, by others as an expression of his incompetence. "I tend to believe it was a case of gross incompetence, not criminal intent. I guess it is better to be dumb than stupid," Senator Warren Rudman, vice-chairman of the committee, has said of the investigation.

The questioning yesterday by the chief counsel to the House committee, Mr John Nields, was not confrontational in tone — at least initially. Mr Nields, who also opened the questioning of Col North, has been criticised in Congress for having been too aggressive then and giving Col North an opportunity to win the sympathy of his television audience.

Moves on Fed and SEC

THE US Senate Banking Committee yesterday approved chairmen of both the Federal Reserve Board and the Securities and Exchange Commission, agencies report.

Mr Alan Greenspan is to succeed Mr Paul Volcker as chairman of the Federal Reserve Board. The nomination was agreed unanimously.

The committee approved the appointment of Mr David Ruder as chairman of the Securities and Exchange Commission by a vote of 17-3. He supersedes Mr John Shad, who is now US ambassador to the Netherlands.

Both nominations will go to the full Senate for final confirmation, which is expected.

Brazilians seek to head off working week cut

By Ivo Dawnay in Rio de Janeiro

BRAZILIAN businessmen have appealed to President José Sarney for support in their battle to defeat proposals in the draft constitution that would limit working hours and guarantee unprecedented job security.

A document delivered to the presidential palace this week by members of the business umbrella group, União Brasileira de Empresários, praised the new austere economic policy imposed by Mr Luiz Carlos Bresser Pereira, Finance Minister, last month.

It went on, however, to warn that confidence in the government's price and wages freeze, and acceptance of reduced profitability, was being undermined by the Congress, in its present role as drafter of a new constitution.

Provisions for security of employment and the reduction of the working week from 48 to 40 hours threatened to undermine the plan's achievements. The nation was "perplexed and alarmed" by social clauses that would disrupt relations between capital and labour, the document claimed.

The business group argued that free collective bargaining, established under normal legislation, regulate industrial relations.

Businessmen are especially alarmed by the stability of employment proposals, which would give all workers job guarantees for life after three months continuous employment with a company. Dismissals would only be authorised in disciplinary cases or other exceptional circumstances.

Observers of the constitutional assembly are convinced that such blanket guarantees will not reach the final charter. The business community fears, however, that the clause has already provoked unrealistic aspriations by organised labour.

A senator who visited Mr Sarney with the business delegation has claimed that the executive is pledged to fight the proposals.

Brazil wants accord by October with creditors

BRAZIL's Finance Minister Luiz Carlos Bresser Pereira said yesterday that he wants to reach an agreement with his country's private creditors before October 20, **Reuter reports from Washington.**

Brazil in February stopped interest payments on $68bn owed to foreign banks.

After several days of meetings with US officials and bankers, Mr Bresser Pereira said if Brazil could make some payments on its debts before October 20 it would help prevent banking regulators from declaring Brazilian loans value-impaired.

US banking regulators will decide at the October deadline whether to downgrade the Brazilian loans held by US banks. Such a downgrading would require US banks to set aside a percentage of the loans, usually 15 per cent, against potential losses.

Many banks have raised general reserves to up to 25 per cent recently, touching off a wave of huge quarterly losses.

Mr Bresser Pereira said Brazil is seeking $7.2bn in additional loans from its bank creditors at the same interest as the London Interbank Offered Rate (Libor) to help finance the interest payments on its existing loans.

He said he wanted to negotiate an agreement with Brazil's bank creditors before negotiating an accord with the International Monetary Fund.

Brazil has some $113bn in foreign debts, both to private institutions and governmental bodies.

The Finance Minister said he wanted to negotiate an agreement with the banks that does not include a cross-default clause. Such a clause could trigger suspension of funds disbursements should Brazil fail to adhere to requirements for economic improvements set by the IMF.

Mr Bresser Pereira said that any interest payments before the negotiations with bank creditors get under way were "out of the question."

● The presidents of Venezuela and Mexico have called for the international financial community to ease Latin America's debt burden to stimulate growth in the region, **Reuter reports from Mexico City.**

Venezuela's Jaime Lusinchi and *Mexico's Miguel de la Madrid*, speaking at a dinner marking the beginning of Mr Lusinchi's four-day visit, said Latin American growth and political stability are more important than debt repayments.

"We insist that in order to pay it is necessary to grow, that our first commitment is to respond to the legitimate requirements of our people in favour of development," Mr de la Madrid said.

Mexico is Latin America's second largest debtor, after Brazil, owing $103bn, while Venezuela ranks fourth, with a foreign debt of $33.1bn.

The two leaders stressed the need for compromise to avoid confrontation between developed countries and the Third World on debt matters.

"It is indispensable to find a sensible balance between the demands of debt payments and the requirements for progress and well-being of our populations that cannot be postponed," Mr Lusinchi said.

"This is a matter that does not admit unilateral decisions, which calls for means of understanding and agreement," he said.

Mr De La Madrid also spoke of the need for a "new focus" and "innovative responses," to the region's debt problem.

"In this, as in other fields, Latin America still has much to say," he said.

Mr Lusinchi arrived in Mexico City yesterday afternoon with Foreign Minister Mr Simon Alberto Consalvi, Energy Minister Mr Arturo Hernandez Grisanti and other government officials for a visit expected to focus also on Central America and oil.

During their speeches, the two leaders referred to their commitment to the Contadora Group peace process, but stressed the need for Central America to make political compromises.

"We think that now more than ever, it is the turn of the governments of the Central American countries to act as protagonists in the peace process," Mr Lusinchi said.

"If they raise obstacles... then peace will only be a fantasy," he said.

Mr De La Madrid said he was confident the Central American presidents would hold the scheduled August 6 to 7 summit meeting in Guatemala, despite delays and continued uncertainty surrounding the meeting.

US wage increases contained for year

THE US LABOUR Department says major collective bargaining settlements reached in the first six months of 1987 provided wage adjustments averaging 2.1 per cent in the first year and 2.5 per cent annually over the contract's life, *Reuter* **reports from Washington.**

The last time parties to these settlements negotiated – generally two to three years ago – they agreed to wage adjustments averaging 1.7 per cent in the first year and 2.6 per cent a year over the life of the contract.

The settlements in the first half of 1987 covered 732,000 workers under 225 contracts, the Labour Department said.

Settlements in non-manufacturing industries offered average wage increases higher than for manufacturing industries.

Wage settlements in the non-manufacturing sector showed adjustments averaging 2.9 per cent in the first contract year and 3.1 per cent a year over the contract's life. These agreements covered 528,000 employees or nearly three-quarters of the workers who reached settlements during the first six months this year.

By contrast, average wage settlements for the 204,000 workers in manufacturing industries were 0.7 per cent in the first year and 0.9 per cent over the contract's life.

As a result of the first-half settlements, 488,000 workers had first-year wage increases averaging 4.1 per cent while 192,000 had no wage change and 52,000 had average pay decreases of 8.3 per cent, the Labour Department said.

Reagan in 'no hurry' on Baldrige replacement

PRESIDENT Ronald Reagan is said to be in "no hurry" to name a successor to the late Mr Malcolm Baldrige, the Commerce Secretary, although acting Secretary, Clarence J. Brown Jr. appears to be emerging as a serious contender, **AP reports from Washington.**

Mr Brown, 60, a former Republican Congressman from Ohio, took over control of the 33,000-employee agency on Monday, holding a series of senior staff meetings throughout the day.

President Reagan is due to attend a memorial service at the national cathedral in Washington today for Mr Baldrige, who died on Saturday from injuries suffered while practising for a rodeo in northern California.

White House officials said the President would not name a successor until after Mr Baldrige's funeral. A spokeswoman, Leslye Arsht said there was "no need to do it immediately."

Panama general strike spreads

A GENERAL strike that started in the capital has spread to other Panamanian cities, and the government has arrested 46 people, including the retired colonel whose accusations against Panama's military leader provoked the current protests, **AP reports from Panama City.**

Before dawn on Monday, soldiers aided by helicopters firing teargas raided the home of *retired Col Roberto Diaz Herrera*, and arrested him and 45 other people.

The military said in a statement that nobody was killed or injured in the raid, but did not say where those arrested were being held. The arrests came after authorities had met resistance to a search for weapons, the military added.

Col Diaz has accused Gen Noriega of involvement in corruption, electoral fraud and the deaths of political opponents.

Gen Noriega has denied the charges, saying the allegations are backed by those in the US opposed to transferring operation of the Panama Canal to the Panamanian government at the end of the century.

The two-day strike called on Monday by the National Civic Crusade paralysed Panama City. Many businesses closed, the bus service stopped and streets were deserted except for police and soldiers on patrol.

Reports from the cities of David, Santiago and Colón said there was 75 per cent participation in the strike by businesses. In Colón, soldiers patrolled the streets but, as in the capital, there were no reports of violence.

In Panama City, more than *half the businesses closed* in the main shopping area. Most banks were open but many employees did not go to work.

The strike was called to protest against military control of Panama's government.

Garcia speech on economy awaited with uncertainty

BY BARBARA DURR IN LIMA

PERU'S businessmen awaited with uncertainty the annual national day speech yesterday of President Alan Garcia after government had at the weekend unexpectedly declared all banking business closed until Thursday.

The press speculated about a change in the foreign exchange regulations or a shutdown of the parallel dollar market.

After taking office two years ago, Mr Garcia declared a two-day bank holiday and then announced sweeping economic measures which included a currency devaluation and the freezing of all dollar savings accounts to conserve foreign exchange. The dollar accounts are still frozen.

Peru has used its dollar reserves to fuel a consumption-based economic recovery programme that pushed the economy to a growth rate of nearly 9 per cent last year.

The reserves have declined steadily since reaching a *high* of $1.5bn in March 1986. Net reserves in mid-July were $795m, roughly equal to the level two years ago.

WORLD TRADE NEWS

Britain restores export credit facilities to Nigeria

BY MICHAEL HOLMAN

BRITAIN'S EXPORT Credit Guarantee Department yesterday announced new export cover facilities for Nigeria, effectively restoring normal trading following suspension of cover in 1984.

The four-part package, sections of which are still under discussion, includes a £200m medium-term line of credit designed to assist small- and medium-scale businesses in Nigeria.

The department is also prepared to provide medium-term credit to enable UK contractors to complete essential projects and will back UK participation in approved projects in Nigeria's revised five-year development plan, which is receiving funding from the World Bank and commercial banks. ECGD will also support short-term business, secured by letters of credit, although the department does not specify a ceiling.

The development follows the completion by Nigeria earlier this year of debt rescheduling under the auspices of the Paris Club. Last March ECGD said that it was prepared gradually to restore full cover for Nigeria, whose president, Ibrahim *Babangida, has introduced a* wideranging economic reform programme endorsed by the International Monetary Fund and assisted by the World Bank.

The Department said yesterday that the £200m medium-term line of credit would support the export of capital goods and equipment for the regeneration of Nigerian industry and agriculture on credit terms of up to five years from delivery. The Nigerian government has appointed Barclays Bank as the UK bank to pro*vide the line of credit.*

President Babangida: economic reforms

Cover for development projects envisaged in Nigeria's five year development plan will be made available in the autumn, the department said.

UK exports to Nigeria, the most important market in black Africa, were worth £566m last year, sharply down on the 1985 level of nearly £1bn as a result of the continuing fall in *Nigeria's oil exports*, the source of over 90 per cent of its foreign exchange earnings.

It was the slump in oil receipts and the consequent build-up in trade arrears that led to the suspension of ECGD cover in late 1984.

Although the facilities announced yesterday will be welcomed by British companies, the trading relationship remains marked by the unresolved matter of claims for uninsured trade arrears. Promissory notes worth around $3bn *in part payment of the arrears* ;have been issued, but traders are claiming a further $2bn to $3bn, a figure disputed by the Nigerian authorities.

The matter is further complicated by the fact that last October the Nigerian government announced that it was unable to meet the terms on which the notes were issued.

Both noteholders and businesses with outstanding claims have urged the British government to take up cudgels on their behalf.

Although they have received a sympathetic response it has been clear for some time that the Government is reluctant to let the dispute stand in the way of the resumption of normal trade cover.

Japanese to study fast train project for Australia

By Chris Sherwell in Sydney

KUMAGAI GUMI, the Japanese construction group, and two prominent Australian companies, TNT and Elders IXL, are to go ahead with a three-year feasibility study for a A$4bn Very Fast Train project linking Sydney with Melbourne via Canberra.

Kumagai Gumi was reported yesterday as saying the results of a six-month pre-feasibility study had been favourable and warranted a full-scale examination.

The project aims to whisk passengers between Australia's leading cities at up to 350 kilometres per hour and at lower fares than those for air travel.

The link would be the third major Australian transport project to involve Kumagai Gumi. With Transfield, a private Sydney construction company, it is building the "Skitube" tunnel in the Snowy Mountains and is embarking on the huge Sydney Harbour tunnel project.

The proposed rail service would cut travel time substantially. It would therefore be *expected to eat into the airlines'* share of the market both on passengers and freight, in the process hurting Ansett, the airline half-owned by TNT.

The feasibility study is likely to cost several million dollars.

Be constructive, poor nations tell the rich

BY WILLIAM DULLFORCE IN GENEVA

DEVELOPING countries yesterday appealed for a more constructive attitude on trade and debt issues from the industrialised nations at a meeting of the UN Conference on Trade and Development.

Rich and poor nations are at odds on four issues, Mr Ricardo Cabriras Ruiz, the Cuban Minister of Foreign Trade, said on behalf of developing countries.

These issues are: improving the flow of financial resources to developing countries, commodity markets, international trade and the difficulties of the poorest countries.

Mr Ruiz warned that the outcome of the three-week meeting, due to end this week, would influence developing countries' attitude towards other international negotiations. This is usually taken to mean the current trade-liberalising round in the General Agreement on Tariffs and Trade.

None of the four committees discussing each issue has been able to agree on the wording of the final document.

Nevertheless, both Mr Bernard Chidzero, the Zimbabwean Finance Minister, who is presi*dent of the conference, and* Mr Alan Clark, Britain's Trade Minister, agreed yesterday that it was too early to talk of failure.

Conflicting interests and differing perceptions were evident, and delegates were digging in, Mr Chidzero said. But he believed there would be trade-offs at the critical point. Nobody wanted the conference to fail. Too much was at stake.

However, if there was failure it would be "dramatically the failure of the big countries," he added.

Mr Clark said it was getting into "a slightly frenetic state" but he was optimistic that a final document reflecting a broad level of harmony would emerge.

In his address, nevertheless, Mr Clark maintained positions that have not been well received by the developing countries. He felt no wholesale change was needed to international debt strategy. Taking account of the different circumstances of debtor countries was the only feasible way of tackling debt issues.

Britain would, however, press hard for reduced interest rates on government-to-government debt of sub-Saharan African countries rescheduled through the Paris Club. Loans for these countries should be converted to grants and the repayment and grace periods on official debt should be extended, Mr Clark said.

He also underlined the importance of foreign direct investment. Britain's direct investment in developing countries had averaged £1.7bn a year in recent years but it was essential that recipient countries provided the right climate.

On commodities the British minister, referring to the collapse of the tin agreement, said attempts to keep prices above open market levels were costly and self-defeating.

But the biggest contribution to the growth of the least developed countries could be agreement in Gatt on a world agricultural economy where comparative advantage was more justly rewarded, Mr Clark said.

Chinese boost for Hong Kong re-exports

BY KEVIN HAMLIN IN HONG KONG

HONG KONG'S re-exoprts rose more than 50 per cent to HK$80.13bn in the first half of this year as a result of flourishing entrepot trade with China, the government said.

Hong Kong's re-export trade with China has been spurred by the increasing number of Hong Kong manufacturers setting up *plants inside* the border. *In* Guangdong province alone there are as many as 2,000 manufacturing operations with a Hong Kong interest, the Hang Seng Bank estimated in a recent economic report.

China was Hong Kong's major re-export market in 1986, accounting for nearly 33 per cent of *such* goods, with many of the Hong Kong-linked operations using the territory as an *import* and export base. Hang Seng Bank says the weakness of the renminbi should produce overall re-export growth of about 32 per cent this year, compared with 16 per cent last year.

Hong Kong's exports rose 40 per cent to nearly HK$166bn during the first six months. Domestic exports surged 31 per cent to HK$85.79bn, benefiting from the yen's appreciation and the stronger currencies of South Korea and Taiwan.

Hong Kong has avoided most of the pressure applied to countries such as South Korea and Taiwan to revalue their *curencies, arguing* that the "peg' is essential to the territory's economic and social stability.

Despite a HK$63.4bn surplus with the US last year, the territory's free trade policy has enabled it to avoid substantial protectionist pressure from the US.

The weak local currency also contributed to a widening visible trade deficit during the period. Imports increased 39.6 per cent to HK$172.15bn, resulting in a HK$6.23bn deficit, compared with *one of* HK$4.93bn for the same period the previous year.

Hang Seng Bank expects overall export growth for the year to be 24 per cent, against last year's 17.6 per cent.

Australian contract draws world's shipbuilders

BY CHRIS SHERWELL IN SYDNEY

A SCORE of international and Australian contractors are jostling for position in the race to design and build a fleet of new light patrol frigates for the Australian and New Zealand navies.

The project, initially involving eight ships and worth A$3.5bn, has been expanded significantly with New Zealand's confirmation earlier this month that it would take another four.

That makes the project worth closer to A$5bn. But some analysts go further still, calculating that modernisation of other segments of the two navies could mean an overall programme of work worth far more.

This makes the frigates contract a major prize, easily eclipsing the recently-signed submarine contract awarded to a Swedish-Australian consortium.

The competition for the design contract is dominated by European companies. Britain is represented by Vosper Thornycroft, with a modernised Leander-class frigate and Yarrow Shipbuilders, with its Type 23 vessel.

Vosper is hoping that the *Australian Navy's familiarity* with the Leander class frigate, which it is already operating, will overcome a technical complication in bidding with the modernised version — namely that the design should be for a ship already "in the water."

Yarrow is offering a 2,600 tonnes light export derivative of the 3,500 tonne Type 23 which the company believes has considerable export potential, although it has not ruled out the possibility of export sales of the Type 23 itself.

West Germany is also represented by two companies: Blohm and Voss, with its Meko 200, which is expected to provide the toughest competition, and Bremer Vulkan with the F-122.

Other European bidders include the Royal Schelde Yard in the Netherlands, France's Pronav group, Fincantieri of Italy and BMV Engineering of Norway.

Competition from elsewhere is offered by the Hyundai group from Korea, St John's Shipbuilding of Canada and Australia's Bond group, which is putting up an airship rather than a marine vessel.

A decision on the design is due in the next few weeks. Apart from Blohm and Voss and Vosper Thornycroft, the main favourites are Royal Schelde and Pronav.

For the bigger construction contract the field of Australian and joint venture contestants is even larger, at 13. Many of these are also bidding for a separate but related contract, to take over the Williamstown Naval Dockyard in Victoria.

The government announced in April that it intended to sell a controlling interest in the dockyard, which is currently building the first of two guided missile FFG-7 class frigates for the Australian Navy.

The move is part of a restructuring of the country's shipbuilding industry, and it is clear that the project to build light patrol frigates in Australia is an element of this process.

But while some of the work on the frigates seems certain to go to Williamstown, the scale of the project means more than one yard will be necessary.

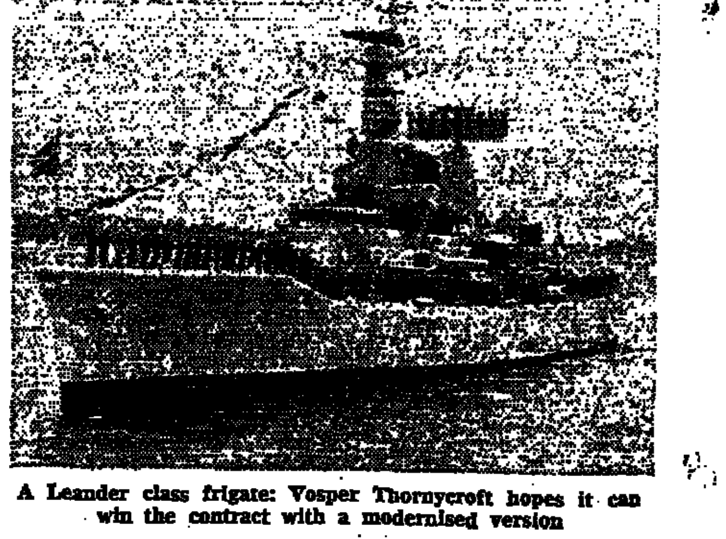
The other favoured sites are in New South Wales, where the state government, having lost out to Adelaide in its bid to have the submarines built in New South Wales, is campaigning hard for the frigate work.

It has linked up with Australian National Industries and Amalgamated Wireless.

The successful tenderer for Williamstown will be required to take over on acceptable terms the completion of the two Australian frigates now being built there.

But the government points out that the winner would not be given any preference in the bidding for the new light frigates.

At the end of the day, it is hoped that Australia will have a shipbuilding sector which is competitive enough to go for export business as well as domestic contracts. If that happens, the frigates project may turn out to have been the most important milestone on the way.



A Leander class frigate: Vosper Thornycroft hopes it can win the contract with a modernised version

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY

BY JANET BUSH

Manufacturing output and business confidence continue on upswing

MANUFACTURING output is continuing to grow strongly, new orders are at a historically high level and there are few signs of immediate capacity constraints, the Confederation of British Industry said yesterday.

The Confederation's latest Quarterly Industrial Trends Survey, covering 1,485 companies, shows that business confidence continued to grow strongly in the second quarter after the sharp rise recorded in th first three months of 1987. The CBI said the increased confidence was broadly based but was particularly strong among smaller companies.

CBI economists estimated manufacturing output would increase at an annual rate of around 4 per cent in the third quarter and that strong trend should be matched by a rapid rise in new orders over the next four months.

The CBI said strong competition was limiting inflationary pressures and said the rapid rise in average unit costs in the first quarter was now moderating.

According to the survey results, there is no evidence of capacity problems in industry as a whole even though capacity usage is at a historically high level. Fixed capacity constraints were most noticeable in the textiles, electronics and electrical engineering sectors but the most disquieting constraint on industry was a rise in reported skill shortages.

The survey is very optimistic about investment intentions and suggests manufacturers intend to invest at the fastest rate for more than three years.

Prospects for unemployment in manufacturing have improved with employment falling at a lower rate than at any time since October 1985, according to the CBI. The CBI economists expect employment to fall by an average 1,000 a month in the third quarter compared with 2,000 in the second quarter and 5,000 in the first.

Business confidence: There are signs that business confidence is moderating after the strong upswing during the first three months of 1987. In the July survey, a balance of respondents (the proportion reporting a rise minus those reporting a fall) saying they were more optimistic showed a decline to 25 per cent compared with 29 per cent recorded in April.

The CBI said it was notable that no single industrial sector was less optimistic than four months ago. The chemicals and, to a lesser extent, metal manufacturing sectors reported a sharp increase in optimism.

Output and orders: A balance of 23 per cent of respondents said output had risen over the past four months and the same balance said they expected output to rise over the next four months. Those percentages are only marginally below the 24 per cent balance in April's survey reporting that output had increased in the first quarter. The results suggest that the volume of output is continuing to rise on a strong, but no longer accelerating, trend after the very rapid growth registered in the first quarter.

The increase in output is broadly based with every size group, market sector and broad industrial sector recording a *significant positive balance.* The capital goods sector is lagging slightly with a decelerating rate of growth expected to weaken further but remain broadly positive. The rise in output of the consumer goods industries is accelerating.

The recent rapid increase in orders has been maintained with 25 per cent of respondents reporting above-normal order books, the highest result in a quarterly survey since that question was asked in April 1977, and compared with 23 per cent asked the same question in the previous survey.

The strong upward trend is expected to continue for all sectors and all sizes of company. The electrical and instrument engineering sector is expected to pick up strongly in the third quarter.

Capacity and constraints to output: A shortage of orders or sales remains the predominant constraint on output although the percentage of respondents citing that factor has fallen to 69 per cent from 72 per cent in April. July's figure is the lowest since April 1979, and reflects the healthy level of demand.

The shortage of skilled labour is becoming more acute with 18 per cent of respondents citing this factor, the highest since before the recession of 1980-81. Plant capacity was no longer as important a consideration as in April, with the percentage citing that factor falling to 22 per cent in the July survey from 25 per cent in April. The CBI said the survey did not provide any indication that manufacturing industry was approaching capacity constraints with a balance of 17 per cent saying capacity was more than adequate to meet demand over the next 12 months compared with 15 per cent in April's survey.

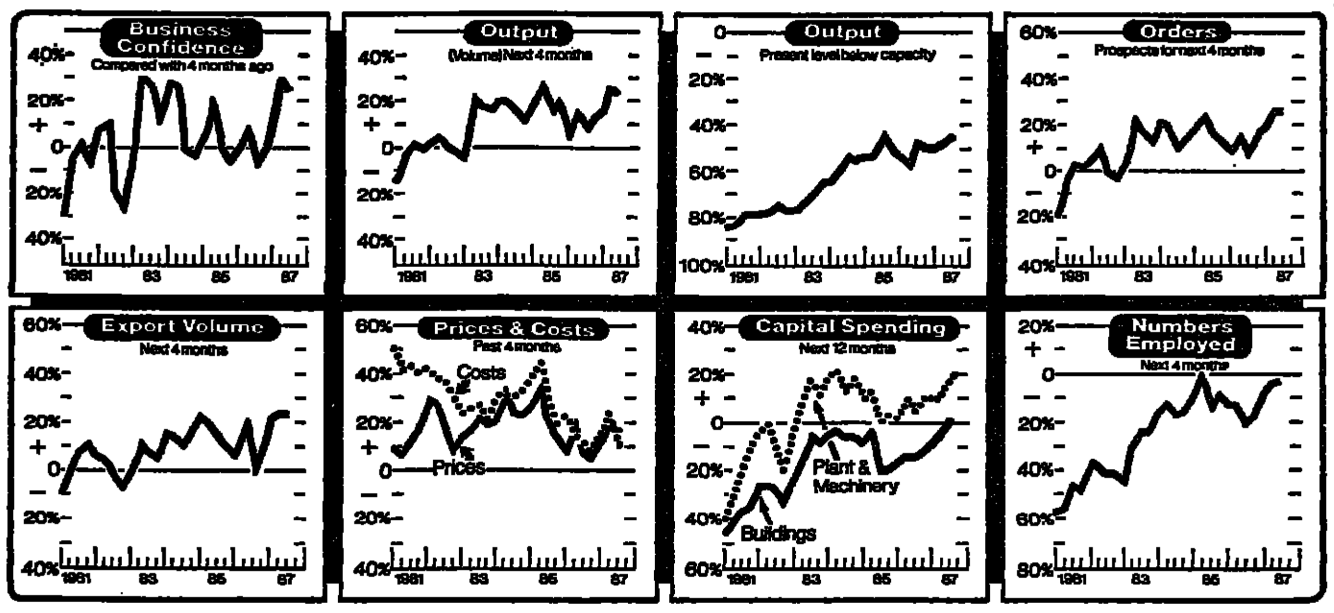
Capital expenditure: Investment intentions in plant and machinery over the next 12 months have accelerated sharply with a balance of 20 per cent of respondents intending to increase capital expenditure, the highest balance since April 1984. The sharpest increase in intentions was recorded by the capital goods industries.

Costs and prices: The sharp increase in average unit costs in the first quarter did not carry over into the second quarter. The balance of respondents reporting an increase in costs over the previous four months fell significantly to 10 per cent compared with 25 per cent in April. On prices, a balance of 19 per cent said they intended to raise prices over the next four months compared with April's 26 per cent.

Exports: Optimism about export prospects has remained high with a balance of 24 per cent saying they were more optimistic than in the previous survey both in July and April. Only the metal manufacture and paper, printing and publishing sectors are less optimistic than at the end of the first quarter. Chemicals is notable for the rapid rise in optimism reported.

Export order books are above normal for a balance of 10 per cent of respondents, the first positive quarterly balance since April 1985. That compares with a negative balance of 6 per cent in April. Strong, if not quite so rapid, growth is expected over the next four months, not quite matching the increase in deliveries.

CBI Quarterly Industrial Trends Survey, July 1987, CBI Economic Trends Department, Centre Point, New Oxford Street, London, WC1A 1DU. £110 a year for members, £176 for non-members.



The charts, except that for capacity utilisation, show percentage balances representing the proportion of companies reporting an increase minus those reporting a fall. The capacity utilisation chart shows a straight percentage

Backlog handicaps Land Registry work

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE BACKLOG of property transactions awaiting registration at the Land Registry had climbed to 700,000 by the end of last March, the National Audit Office reported yesterday.

Sir Gordon Downey, Comptroller and Auditor General, in a report that will provide the basis for an investigation by the Commons Public Accounts Committee, said productivity at the registry "has been constrained by the increased servicing of the accumulated backlog."

The Registry is in the anomalous position of facing severe operating difficulties but at the same time of generating a growing financial surplus which it cannot use to meet its difficulties.

It occupies a central place in the property business with responsibility for registering changes in land and building ownership. But it has been swamped by a trebling of conveyancing transactions since 1976. The number has doubled in the last five years and it has increased by 25 per cent in the last year.

The National Audit Office noted that "the increase in its resources has fallen well short of the increase in the number of allocations," which has far exceeded Registry estimates.

But by March last year, the Registry had paid into the consolidated fund £84.2m of accumulated surplus income. Because its expenditure is held down by the Treasury, it has not been able to use its surplus to fund extra staff needed to cope with the extra volume of business.

"If it was allowed to use such surpluses to recruit additional staff and/or to the efficiency of land registration," Sir Gordon said in a muted but explicit criticism of the Treasury.

He is calling for a review of the operational and financial constraints within which the Registry works. As the Public Accouns Committee frequently folows the recommendation of the National Audit Office, parliamentary pressure on the Government might build up for a relaxation of the financial constraints on the Registry.

Not only do the present controls provide for the transfer of the surplus revenue to the consolidated fund, but the Registry has to act within cash and running cost limits. Its staff numbers are closely controlled.

Computerisation of the Registry's operations would clearly have a marked effect on its operations, but in spite of the introduction of some computers in 1976, a comprehensive system will not be working until 1992. The final cost will be £24m. Although there should ultimately be annual cost saving of £15m, the computer investment, said the National Audi Office, would not break even until 1998.

**Review of the Operations of HM Land Registry — report by the Comptroller and Auditor General, National Audit Office; House of Commons Paper 39; HMSO, £6.80.*

Market for woollen yarns and fabrics 'buoyant'

BY ALICE RAWSTHORN

THE MARKET for wool was buoyant in the early part of this year. Production of woollen yarns and fabrics by British companies rose, while imports fell.

The healthiest sector of the industry in the first three months of the year was that of woollen fabrics, where production increased by 14 per cent to 12.3m sq m compared with the same period in 1986, according to the Wool Industry Bureau of Statistics.

The international outlook for woollen fabrics was equally bright. Imports fell from 3.2m to 2.9m sq m while exports rose by 14 per cent to 5m sq m.

Production of woollen yarns increased by 6 per cent to 19.8m kg in the first quarter. Imports fell from 1.2m kg to 1.1m kg and exports from Britain rose by almost 2 per cent to 2.5m kg.

In worsted yarns, production rose by 6 per cent to 11.3m kg. Imports fell to 1.5m kg, while exports rose to 588,000 kg.

The picture in worsted fabrics was less encouraging. Production from British companies fell from 12.2m to 11.1m sq m, reflecting a fall in consumption. Exports fell from 4.3m to 3.4m sq m but so did imports from 1.8m to 1.7m sq m.

The Quarterly Review of UK Trade Statistics. Wool Industry Bureau of Statistics, 60 Toller Lane, Bradford. £20 a year.

Monopolies policy guide

BY DAVID CHURCHILL

THE Monopolies and Mergers Commission is seeking to become more familiar to the public by publishing a plain man's guide — costing 95p — to monopoly and merger policy and to the way it conducts its investigations of business.

Sir Godfray Le Quesne, commission chairman, says that because the commission operates in private its responsibilities and the way it works are not widely understood. He says it is important to increase understanding when there is much discussion of mergers policy, efficiency of public corporations and the supervision of privatised businesses.

However, some observers see publication of the guide to the commission's workings as a subtle move in the battle over the commission's future.

An internal Whitehall inquiry is being made into the future direction of competition policy. That might change the commission's work.

The Confederation of British Industry believes the commission is too slow, and plodding, in its activities. It suggests to the government inquiry that parts of the commission should be merged with the Office of Fair Trading, to accelerate merger investigations.

The inquiry is scheduled to be completed by autumn.

The Monopolies and Mergers Commission; HMSO; 95p.

Venture fund set up for Yorkshire companies

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

WEST YORKSHIRE Enterprise Board—which relaunches itself today as plain Yorkshire Enterprise—is to set up a £25m development capital fund in the autumn with several leading national pension funds.

It will be known as The Yorkshire Fund and take equity stakes in expanding companies in the counties of Humberside and North, South and West Yorkshire, usually with a view to their eventual public flotation.

The recent performance of the 140 quoted companies in the region suggests that there is significant economic recovery where the fund will be applied.

Individual deals under the fund will usually be of £1m. With smaller Yorkshire Enterprise funds offering sums as low as £5,000 and other funding sources developing, the latest fund is expected to contribute to regional self-sufficiency in venture capital.

Income for the fund will come from dividends and capital gains. A favourable taxation status will enable it to plough back all profits which can be reinvested in new projects as the fund "revolves."

The Inland Revenue has also given the fund "limited partnership" status. That enables Yorkshire Enterprise and any public or private sector pension funds to direct money to Yorkshire Enterprise to be run as a single fund.

Without such status Yorkshire Enterprise could have only acted as agents for subscribing pension funds or tried to "do its own thing." That would have severely limited the size of the fund or stifled its entrepreneurial approach to venture capital management.

Pension funds that had approached the old enterprise board wanted an active management with the quality of supervision that has been a hallmark of the old board.

The launch of Yorkshire Enterprise is being seen as a significant step in redressing Britain's severe regional imbalance in venture capital provision. That has undoubtedly encouraged the Government to ensure that the newly created body had the most favourable tax regime possible.

Yorkshire Enterprise and its funds are being classed officially as enterprise agencies, allowing a gift of profits to Yorkshire Enterprise from any of its funds to be made free of tax under the 1982 Finance Act.

The emergence of Yorkshire Enterprise is also a triumph for Mr John Gunnell, its chairman and Mr Alan Pickering, its managing director. Mr Gunnell was the leader of West Yorkshire County Council and led the losing fight by all six metropolitan counties — the others were Merseyside, Greater Manchester, West Midlands, South Yorkshire and Tyne and Wear —against abolition.

The West Yorkshire Enterprise Board—like those of Merseyside, West Midlands and Greater London—was founded in controversy, with allegations that it would lose ratepayers' and pension fund monies in risky or politically motivated projects.

Instead it has invested about £15m in nearly 70 companies, only six of which have failed. That has helped to create or preserve about 7,500 jobs, mainly in West Yorkshire, as well as returning profits of up to £1m a year which have then been made available for reinvestment. With government encouragemenut the new body may be held up as a model for other regions.

Yorkshire and Humberside survey, section two

Birmingham in development bid

BY HAZEL DUFFY

BIRMINGHAM City Council is expected to ask the Government to designate an area of the city as a simplified planning zone, in an attempt to speed up development in the area by the private sector.

Representatives of the council, with other leaders of a consortium that plans to set up a development agency for Aston Nechells, east of Birmingham, yesterday told Mr Nicholas Ridley, Environment Secretary, of their intention.

But the council has not yet discussed the Government's proposeed regulations on simplified planning zones, as the Environment Department has only recently sent out the proposals to local authorities for consultation.

Simplified planning zones are a new policy. They are designed to encourage private developers into derelict and declining areas, by speeding up the planning process and giving developers greater certainty in planning investment. Local authorities will be asked to designate zones. If they do not, developers will be able to appeal directly to the Environment Department to designate areas.

Birmingham clearly hopes that an early indication of its likely co-operation might dispose the Government to make funds available to the proposed agency, which is being advanced as an alternative to the urban development corporations which were set up to develop areas like London Docklands.

The agency would be private-sector-led, unlike UDCs, which are appointed and funded by government. The consortium is made up of five contractors — George Wimpey, Tarmac, Gallifords, Bryant Holdings and R. Douglas Holdings — the City Council and Birmingham Chamber of Commerce.

It has appointed Roger Tym & Partners to carry out a feasibility study, which the Government will help fund. The study will form the basis of the master plan for redevelopment of the area. Price Waterhouse has been appointed to advise on the formation of a company/agency, in which consortium members would take an equity stake.

So far, however, Mr Ridley has given no indication that he would help finance the development plans, which would involve site clearance, infrastruc ture and services improvement, and assembly of land packages to be sold to the private sector.

Single power board likely after sell-off

BY MAX WILKINSON, RESOURCES EDITOR

THE GOVERNMENT timetable for privatising the £36bn electricity industry is likely to prevent the Central Electricity Generating Board from being broken up into competing companies, ministers are beginning to recognise.

It seems likely that the Government will decide to sell the CEGB, which has net assets of £27bn, as one lot, even though it dominates the industry with a monopoly over generating capacity south of the Scottish border.

The 12 area electricity boards, which now have responsibility only for selling power, are likely to be privatised singly or together and encouraged to build their own power stations if they want.

Although senior ministers will not make up their minds about the future shape of the industry – at least until the autumn – they have agreed that the sale should be completed if possible in the present Parliamentary term, probably in 1991 or 1992.

This almost certainly precludes a major re-structuring of the industry. The main reason is that the newly constituted generating companies would have neither an established management team nor a financial track record to enable a credible prospectus to be written in the time available.

Moreover, financial advisors have suggested informally that a series of sales of separate electricity companies would be impracticable if they were punctuated by an election. And the Government could hardly sell off five or 10 electricity companies in the brief space before an election.

Mr Cecil Parkinson, the Energy Secretary, has been stressing in widespread consultations that he has an open mind on the future structure of the industry. He also wants the new private sector structure to be subjected to as much market discipline as possible.

However, he would like to have taken the fundamental decisions by Christmas. It is expected in Whitehall that this will involve a White Paper (policy document) rather than a consultation document.

Cecil Parkinson: 'open mind'

Thereafter, draft legislation is expected to take at least 10 months to prepare and it is unlikely that Parliament could be presented with detailed proposals before 1989 at the earliest.

It seems likely that ministers will try to set conditions for the erosion of the CEGB's monopoly by encouraging privatised area boards to build power stations or to buy power from independent consortia.

Because Britain is likely to need the equivalent of 10 to 12 big new power stations (worth perhaps £8bn), the privatised area boards could become significant competitors in the generation of electricity.

The privatised CEGB would no longer have the duty to ensure that electricity supplies were adequate. This would be vested with the area boards instead.

However, the question of how to privatise the area boards is unresolved and is likely to be the subject of a tough battle in the late summer and early autumn. Those wanting to promote maximum competition would like to set up 12 separate companies, or perhaps combine the present boards into four or five regional power companies.

Other people are saying that the flotation and the drafting of legislation would be much simpler if all 12 boards were combined into one national distribution company which could be a second force to the CEGB.

Editorial Comment, Page 18

Legal fight threatened over gas tariff data

By Lucy Kellaway

THE OFFICE of Gas Supply (Ofgas), the watchdog created to regulate the privatised British Gas, is considering legal action because it claims British Gas has refused to supply vital information on the setting of gas prices for its 16m domestic customers.

The regulatory body, which was established primarily to ensure that British Gas applies correctly its fixed formula for setting domestic gas prices, said yesterday that it had not been given sufficient information to judge whether the latest 4.5 per cent reduction in gas prices was fair or not.

The dispute centres on whether British Gas need reveal its forecast for the average price it pays for its gas, a critical component in calculating the domestic gas tariff.

British Gas has refused to supply this forecast to Ofgas, believing that it is commercially sensitive information which it is not required to reveal.

A spokesman for Ofgas said yesterday that British Gas was infringing the terms of its licence in refusing to supply the information and that without details of the forecast Ofgas could not perform its function. A series of "angry letters" had been exchanged, and an impasse had now been reached, he said.

British Gas said yesterday: "The ball is now in Ofgas's court. We have told them we are not going to give any more details. We have already given them more than we have to."

As an alternative to legal action, Ofgas is considering whether to ask the Monopolies and Mergers Commission to clarify the terms of the licence so as to remove any ambiguity over the information which needs to be revealed. A decision is likely next week.

The licence gives Ofgas general powers of supervision and permits it to intervene if forecasts of gas costs subsequently prove badly wrong.

The dispute reflects the fears voiced last year when the Government was drawing up the regulation for the privatised gas industry. It was argued that Ofgas did not have sufficient power over the setting of gas prices.

NatWest pre-tax falls to £251m after bad debt provisions

BY HUGO DIXON

NATIONAL Westminster Bank (NatWest), Britain's largest clearing bank group, yesterday underlined its position as one of the world's most profitable banks, when it reported unexpectedly good pre-tax profits of £251m for the six months to June 30.

The figure was 48 per cent lower than the results in the same period of the previous year, because of the group's decision to take a loss of £496m, for its exposure to the Third World. However, profit before charges for bad debts increased 24 per cent to a record £815m.

The £251m compares with a profit of exactly the same amount and a loss of £697m, reported last week by Midland Bank and Lloyds Bank respectively. Barclays Bank will report its results tomorrow.

Midland was able to achieve any profit at all only by controversially treating its Third World debt provisions as an extraordinary item – "below the line." If they had been charged against profits, it would have made a loss of £865m.

"We never contemplated doing anything other than taking them above the line," Lord Boardman, NatWest's chairman, said.

The main source of group profits, in common with Lloyds and Midland, was domestic banking, where rising loan demand helped boost profits 71 per cent to £535m.

Profits from the related banking services division, which includes its finance house and insurance broker, also performed well.

Lord Boardman, however, dismissed suggestions – voiced by the Bank of England about banks in general – that the bank was storing up troubles for itself by fuelling consumer spending. "After exhaustive re-analysis, we are very happy with the debt we are taking on," he said.

The costs of building up a presence in New York and Tokyo are still being felt in the profits from investment banking, which earned only £2m (£1m).

The group believes that this investment is necessary if it is to appeal to the world's largest companies, which are increasingly going straight to capital markets to borrow money, cutting out banks.

Investment banking was also hurt by small losses on Eurobond and gilts trading, though these were more than counter-balanced by profits from equities dealing, corporate finance and investment management.

Lex Page 20

Charter airlines fear BA merger plans

BY LYNTON MCLAIN

REPRESENTATIVES of four of Britain's charter airlines met Mr Paul Channon, the transport secretary, yesterday to urge the Government to protect the charter industry from potential unfair competition from an enlarged British Airways.

BA wants to merge with British Caledonian Airways, but the charter airlines – Britannia Airways, British Island Airways, Monarch and Orion – fear that the enlarged airline will swamp their own operations.

Mr Derek Davison, Britannia's chairman, said after the meeting that the airlines urged Mr Channon to review urgently the Government's airports policy "to prevent British Airways being able to assume the same dominant position at Gatwick that it already possesses at Heathrow."

He wanted the Government to give the Civil Aviation Authority, which regulates UK civil aviation, the powers it asked for in 1984 to protect the charter industry.

"Now is the time to reverse the history of failure and resolve the issues of competition and airports policy to the benefit of British aviation and the consumer," Mr Davison said.

"The proposed merger has increased the importance of these issues and this is the last opportunity to tackle them before the industry and our passengers begin to suffer the consequences."

US can group to invest £40m in UK production

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

AMERICAN NATIONAL Can, the world's biggest packaging manufacturer, is to spend £60m on production capacity in Europe to meet growing demand for canned soft drinks and beer.

Mr Jack Turner, head of international operations, said yesterday that two thirds of the investment would be made in the group's UK subsidiary, Nacanco. The rest would be split between Spain and Italy.

A factory would be opened next year in north-west England, and existing facilities at some of the group's eight other British factories would be extended.

Mr Turner said the investment might create 200 jobs and increase capacity to 20 per cent. He said British demand was growing, partly as a result of the recent shake-up in the soft drinks industry.

The marketing efforts of the Cocoa-Cola/Cadbury Schweppes alliance and the competing Britvic Corona consortium which has joined forces with Pepsi Cola, have prompted a surge in demand.

Mr Turner said all can suppliers in the UK market had turned to imports to keep up with drink makers' orders. Nacanco had extended its Milton Keynes lines last year to feed a 19 per cent increase in sales of 33 cl cans, but more capacity was needed.

Some smaller customers notably canners of supermarket and wholesalers' own-label drinks have complained recently of a "can famine."

Nananco, Metal Box and Continental Can, the three leading names in the UK market, have reduced UK output in recent years. They planned at the time to top up as necessary with imports. However, strong demand throughout Europe has stretched capacity.

American National Can is a subsidiary of Triangle Industries, a former wire and cable maker, which acquired National Can Corporation of the US in 1985 and American Can Packaging in 1986 to become world leader in packaging.

Sales have risen from $290m (£181.42m) in 1984 to $2.7bn last year. Its international arm, which operates 26 factories in 14 countries, turned over about $600m last year.

Potential for Welsh hotels 'recognised'

By Anthony Moreton, Welsh Correspondent

LEADING HOTEL groups are beginning to recognise development opportunities in Wales and a number of projects were moving towards completion, according to Mr Prys Edwards, chairman of the Wales Tourist Board.

He said in presenting the board's annual report this week that after the opening of important hotels in recent years, such as the Holiday Inn in Cardiff and the Ladbroke Hotel in Swansea, contracts would be signed soon for a second Holiday Inn — at Swansea's maritime quarter. Work would also begin shortly on the Campanile Hotel in Cardiff, the first European-owned hotel in Wales.

Capital investment in tourism had increased significantly among large and multi-national groups, Mr Edwards said. Trusthouse Forte, for instance, was expanding its chain of Little Chef restaurants and lodges at strategic points along the main routes in the principality.

"With their substantial investment and marketing clout, these big groups have a real role to play in the development of the industry," Mr Edwards stated.

The role of new investment was important because tourism now contributed some £900m a year to the Welsh economy. Overseas visitors brought in some £95m, UK holidaymakers £500m, and day-visitors another £300m.

Mr Edwards expressed gratification at the increased interest among big hotel groups but pointed out that 70 per cent of the board's grants for tourist projects last year went to small and medium-sized operators whom he described as "the backbone of the industry."

Among the assisted projects were theatres in Llandudno and Bangor, the Snowdon summit building, Barry Island illuminations, Butlin's holiday camp at Pwllheli and the Bryn Meadow golf club in South Wales.

The industry in Wales is now undergoing considerable structural change, Mr Edwards said, although considerable investment was needed in traditional resorts such as Tenby, Aberystwyth, Barmouth and Rhyl if they were to survive.

During the year, financial resources had been focused on development of facilities such as leisure centres, activity holidays, centres with all-weather activities, information centres and facilities for disabled visitors.

Mr Edwards warned that "if the industry is to flourish into the next century it must seek and develop new markets."

E Midlands airport profits

FINANCIAL TIMES REPORTER

RATEPAYERS in three counties will benefit by £2.4m from the profits made by the East Midlands International Airport in the past financial year.

Derbyshire gains £1.17m, Nottingham and Nottinghamshire just over £1.9m and Leicestershire £227,000 after loan charges have been paid.

The airport was recently turned into a public limited company and the shares are solely owned by the four local authorities. The report a 22 per cent increase in passengers carried.

GM faces strike ballot threat over van plant

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' union (TGWU) yesterday threatened to hold a strike ballot of more than 6,000 of its members employed by General Motors unless the company agrees to revise proposals for far-reaching changes to industrial relations and working practices at its van plant at Luton, north of London.

The threat came as it emerged that the two sides had held informal talks over the TGWU's objectionstothe union's involved in the negotiations. But it is thought that a meeting to clarify the company's proposals could be held within the next two weeks.

Mr Mick Murphy, the TGWU's national automotive officer, has refused to sign the agreement which involves radical changes to working practices, pay grading structures, and collective bargaining arrangements. However, the national officials of the four other unions have signed.

General Motors said last week that it would introduce the package on August 17, when the Luton workers return from holiday, without Mr Murphy's agreement.

He said the company's decision to introduce the package regardless of the TGWU's objections was a challenge it could not ignore.

Mr Murphy said the agreement would undermine union organisation as no union would be able to go to arbitration unilaterally; the unions would not be able to negotiate the pay and conditions of temporary workers, and workers with more than a minor disciplinary record would be debarred from becoming shop stewards.

The company said the works council, which would have a substantial union majority, would negotiate over pay and conditions for non full-time workers, although this is not written into the agreement.

The union majority on the council, which would unanimously have to sanction referral of an issue to arbitration, made it unlikely that a union would not be able to pursue an issue, the company said.

The disciplinary measures relating to shop stewards would be stricter than elsewhere in the company, it said.

Air Traffic staff defer action over conditions

BY OUR LABOUR STAFF

THE THREAT of disruption to air travel over the peak summer period receded yesterday when union leaders representing about 950 air traffic controllers agreed to delay at least until September a ballot on new working practices.

"We have decided to go on negotiating in order to get the best deal we can", Mr Bill Brett, assistant secretary of the air traffic controllers' union, the Institution of Professional Civil Servants, said.

Mr Brett spoke after a meeting of union leaders called to formulate their latest official response to the Civil Aviation Authority's (CAA) package. This includes the introduction of flexible rostering, and a revised pay and grading structure.

The union leadership is believed to have come under some pressure from its rank-and-file membership to hold an early ballot in a move that could have led to an open confrontation with the CAA.

But Mr Brett said yesterday that he would aim instead to draw up a draft agreement with the CAA over the next four weeks, although a "majority" of his members remained opposed to the proposal that their pay link with other Civil Service unions should be severed.

The CAA said last night that the two sides were now entering the "substantive stage" of negotiations and said it was hopeful that an agreement would soon be reached.

At issue in the next round of negotiations is the increasing commercial pressures within the airline industry which, air controllers say, are threatening air traffic safety.

The main union objection to the new proposals is that they will lead to lower pay, enforce job cuts, and bring about a further general lowering of morale that could increase the likelihood of accidents involving air traffic.

The CAA said yesterday that "a lot of misunderstanding" had surrounded its proposals. "We want controllers when and where they are needed and to match staffing levels with the expected traffic," the CAA said.

Stores chief forced to step down

By Lisa Wood

MR PETER CARR has abruptly left his job as joint chief executive of Harris Queensway, the furnishing retailer, at the request of Sir Philip Harris, the group's chairman.

Sir Philip has taken up the role of chief executive in addition to his responsibilities as chairman. Mr Martin Watts, who was joint chief executive with Mr Carr, is appointed group managing director.

Harris Queensway employees were told on Monday that Sir Philip had asked Mr Carr to relinquish his responsibilities as joint chief executive with immediate effect. When the unexpected move was made public yesterday, Sir Philip said he had acted speedily after deciding Mr Carr was not the right person for the job.

Mr Carr joined Harris Queensway from Debenhams, the department store subsidiary of the Burton Group, in early 1986. This year, in a two-way split of responsibility for the group's activities, he took charge of the Queensway furnishing stores, Harveys Furnishing and the electrical division.

Mr Watts took up his joint chief executive post recently with responsibility for the group's carpet stores, Poundstretcher stores, Home Charm and Hamleys.

Sir Philip, who built up the Harris Queensway group, said: "In particular I wanted Mr Carr to take Queensway in a new direction, to take fashion into furniture retailing and make Queensway more profitable."

He said a lot of achievements had been made at Queensway, but its profitability was not as good this year as last year, in contrast to the performances of the rest of the group.

"Mr Carr was a very good talker with very good ideas but he did not always follow them through," Sir Philip said. He added that staff morale at Queensway was low after optimism over proposed changes.

It is understood that Mr Watts' arrival at Harris Queensway with a different management style to that of Mr Carr, had raised the question of the validity of a joint chief executive post. Mr Watts, said Sir Philip, was a "hands-on" operator who had experience of running whole businesses and supervising costs.

Sir Philip was thought to be particularly concerned at an increase in administrative costs at Queensway's head office.

Mr Carr, on a salary of £75,000 a year, joined Harris Queensway last year on a three-year contract. Negotiations over compensation are proceeding.

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INAUGURAL SERVICE POSTPONED ON NEW LONDON TRANSPORT LINK

Docklands rail misses deadline

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

LONDON REGIONAL Transport (LRT) yesterday abandoned plans to start passenger services on the £77m Docklands Light Railway on Friday, but said it was going ahead with the official opening by the Queen tomorrow.

The postponement of full services is a major embarrassment for LRT, which said in its annual report only a week ago that the railway was "on time and within budget."

Passenger services are expected to begin within four weeks, although LRT refused to name a date for fear of failing to meet a second deadline.

The delay is not expected to affect the redevelopment of the docklands area – Europe's biggest urban rebuilding project in the east end of London – which depends on the railway for access to the rest of London's public transport system.

The decision to postpone full services was taken by LRT on Monday after it became clear that a reliable service could not be guaranteed on time, despite last-minute adjustments to the system by GEC-Mowlem, the contractors.

Dr Tony Ridley, chairman of LRT's London Underground subsidiary, blamed the delay on the short timescale for the construction of the railway, which has been almost completed in less than 2½ years.

Dr Ridley said it would be unfair to customers to allow the railway to open "before we have had the continuous period of regular operation – without technical interruption – of which it is capable."

The timescale was regarded as tight, but achievable, by GEC-Mowlem, which won the contract against stiff competition and handed over parts of the railway to LRT in May.

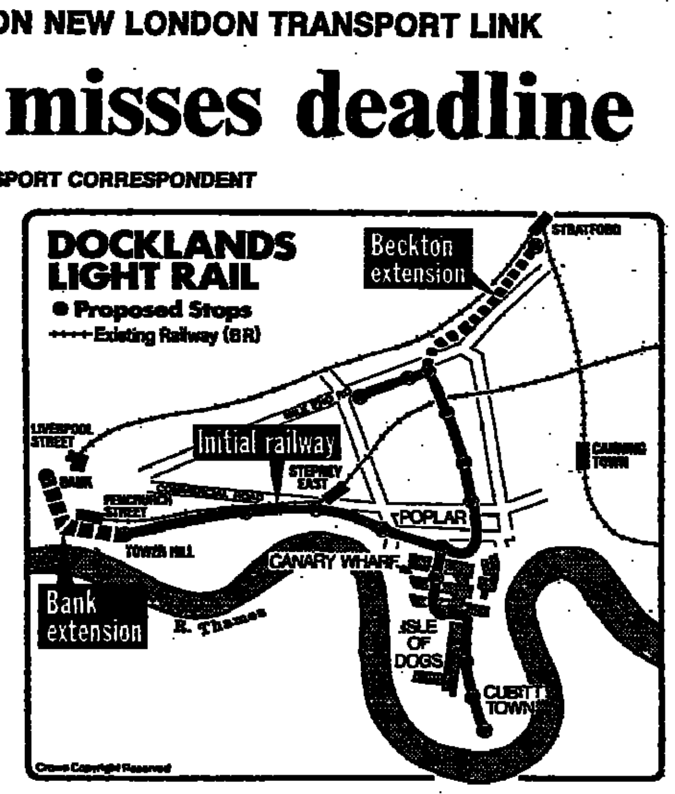
There have been more problems than expected with the sophisticated computer system which controls the system, and some of the equipment has taken longer to reach operating conditions than expected.

The rails, for instance, were made of harder steel than is usual for light rail systems in order to reduce maintenance costs, and have not yet been properly worn-in.

The delay is not thought likely to damage export prospects for the system, which has been praised by railway operators from a number of other countries and well-received by specialist commentators.

"It was a very tight programme, and to have missed it by a small amount in an attempt to get it perfect is a disappointment, but not a tragedy," one manager said.

The costs of the delay in the final handover of the system will be borne by GEC-Mowlem, which is believed to have made a small loss on the project.

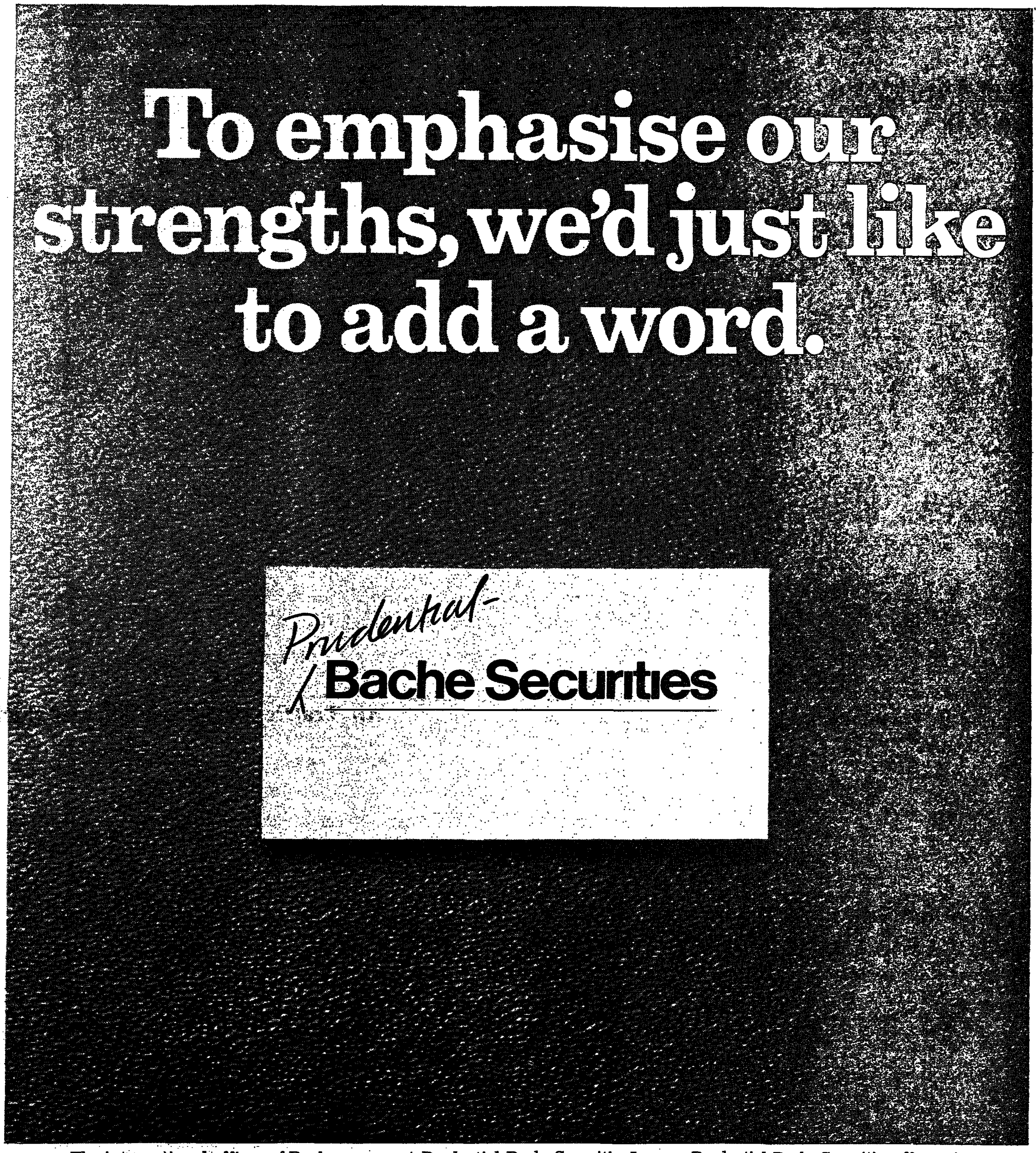


The railway was financed by the Government through the Environment and Transport departments on a strict cash limited basis.

Traffic flow forecasts for the railway have risen from 1,500 passengers an hour five years ago to 7,500 as docklands development has accelerated.

The "T" shaped system runs for a total of 7½ miles from Tower Gateway to Island Gardens on the Isle of Dogs and Stratford in East London, where it connects with main line British Rail services.

The 11 trains are automatically controlled, as are ticket sales. A single railway employee will travel on each train to check tickets and drive the train in emergencies.


To emphasise our strengths, we'd just like to add a word.
Prudential-
Bache Securities

Haslam offers NUM talks on flexible shifts

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH COAL is prepared to open national negotiations with the National Union of Mineworkers over plans for flexible shift systems to allow six-day production. Sir Robert Haslam, the corporation's chairman, made the offer yesterday, saying that a national agreement could provide the framework for detailed local discussions over proposals for particular pits.

British Coal had previously insisted that negotiations over the introduction of six-day production at mines such as the planned Margam development in South Wales should be conducted locally.

Sir Robert warned that the current unrest over the corporation's revised disciplinary code was a distraction from the vital need to introduce flexibility and become more competitive. If the NUM's current ballot on industrial action resulted in an overtime ban or strike, it might lead to the closure of marginal pits and set the industry on a downward spiral, he said.

The offer of national negotiations on the principles of the corporation's plans is likely to provoke an intense debate among the NUM's leaders. While Mr Arthur Scargill, NUM president, has urged outright opposition, a majority on the union's executive wants to explore the possibility of national talks.

Sir Robert warned that such negotiations would be fruitful only if those executive members prevailed on Mr Scargill to adopt a more constructive approach, as his intransigence would make it hard to hold national talks.

Those talks could cover the common themes in the corporation's proposals, said Sir Robert, including payments for unsocial hours caused by weekend working, compensation for lost overtime, production incentive earnings and other premium payments, and cuts in overall working hours. Negotiations on detailed shift patterns would have to be conducted locally.

The corporation would have to do more to inform miners of the benefits they stood to gain from the move to a flexible shift pattern, he said.

"In the end I think we will be successful because there is a growing realism about the need for change," said Sir Robert. He called on the vast majority of miners who recognised the reality of the industry's competitive position to stand up against a vocal, militant minority with a death wish to see the industry destroy itself.

Mr Peter Heathfield, NUM general secretary, said the corporation should set aside the disciplinary code so the union's objections to it could be discussed in negotiations.

British Coal 'likely to cut overall deficit'

BY MAURICE SAMUELSON

BRITISH COAL is on target to reduce its overall deficit to less than £100m in the current financial year from last year's £288m, Sir Robert Haslam, chairman, said yesterday.

But his dogged optimism, at the presentation of British Coal's 1986-87 annual report, was overlaid with frustration about continuing industrial relations difficulties and uncertainty about the effect on coal of the forthcoming privatisation of its biggest customer, the electricity industry.

Sir Robert said last year's results confirmed that productivity in the pits had risen 21 per cent with operating costs 23 per cent lower than in the period before the 1984-85 strike.

With the help of these improvements, British Coal made an operating profit in 1986-87 of £369m, equivalent to a 6.6 per cent return on capital employed.

Although that was more than offset by heavy interest charges and high restructuring costs, it indicated the rate of progress towards the aim of breaking even in 1988-89 and thereafter generating an increasing surplus to contribute to self-financing.

That was being made possible by heavy investment in efficient capacity coupled with the dramatic restructuring of the past two years, which had claimed 80,000 jobs in the total workforce and the closure of 59 collieries.

However, the industry could not be complacent about its prospects and there was no sign of abatement in the competitive pressures in the energy market.

● The South Wales coalfield made a profit—£2m—last year for the first time since the early 1950s, the initial days of nationalisation, writes Anthony Moreton, our Welsh correspondent.

But Mr Ron Price, the recently arrived area director, gave a warning that unofficial stoppages in the first quarter of the present financial year had cost the corporation £3m, and he described the figures for the three months as "unusually disappointing."

The downturn was all the more disappointing in that productivity had risen faster in South Wales than in the UK nationally. There had been a 32 per cent rise since the end of the strike, half as much again as the national average of 21 per cent, and costs per tonne had dropped 14 per cent.

Mr Price said British Coal was ready to start work on the giant Margam pit, which will create some 800 jobs, "within days" of reaching agreement with the NUM. He hoped to be having talks with the local miners' leaders soon.

Revised Takeover Code to put onus on directors

BY CLAY HARRIS

The Takeover Panel, the self-regulatory monitoring agency for City mergers and acquisitions, will today announce fresh guidelines intended to underline directors' responsibility for the conduct of their companies in bid battles.

The revised wording of the Takeover Code will be announced this morning by Mr Robert Alexander, the barrister who took over as head of the panel last month.

In another move to bolster the panel's authority, Sir Austin Pearce, British Aerospace chairman, was yesterday appointed by Mr Robin Leigh-Pemberton, Governor of the Bank of England, to serve as an independent member, not representing any interest group.

The Bank also said that Imro, the self-regulatory organisation for investment managers, and the Securities Association, the umbrella SRO for the merged Stock Exchange and Isro, the Euromarkets body, had agreed to join the panel. Each will appoint its own representative.

Sir Henry Fisher, Imro chairman, has stepped down after six years as chairman of the Panel's appeal committee, a position traditionally held by an independent figure, rather than an industry representative.

He will be replaced by Lord Roskill, the retired Appeal Court judge.

Glaxo buys research facility from US group

By Peter Marsh

GLAXO, the biggest UK drugs company, yesterday signalled its determination to move into the emerging market for protein-based pharmaceuticals by buying the Swiss research facilities of Biogen, a US-based biotechnology company.

Glaxo, with profits last year of £619m on sales of £1.4bn, did not disclose the price of the acquisition, which includes Biogen's Geneva research laboratory, the rights to two important new drugs in the development stage and the work of up to 100 scientists in Switzerland.

According to analysts, Glaxo would have paid "at least several million dollars" for the package. It is thought that the agreement might include royalty deals that over several years might boost the total sum paid to Biogen to up to $50m (£31.3m). Glaxo's share prices closed last night at £17¼, up £⅛.

The two drugs included in the agreement are interleukin-2 and granulocyte macrophage colony stimulating factor (GMCSF). Both are naturally occurring proteins that Biogen has found it can produce in large quantities using biotechnology techniques.

The medications, likely to come to the market in the 1990s, could be used to treat diseases such as AIDS and certain forms of cancers.

Mr David MacCallum, head of health care research at Hambrecht and Quist, the New York investment bank, said the rights to the products "would be worth a considerable sum of money" to Glaxo.

He said sales of either product, assuming clinical trials proceed smoothly, could be expected to reach $100m a year in the 1990s.

According to Glaxo, the acquisition was a strategic move. It would mean the company could "jump forward" three to four years, the time it would have taken to develop Biogen's own expertise in biotechnology.

Glaxo has about 100 scientists working on biotechnology products in the UK and the US. However, they are some way behind Biogen's work and that of other big pharmaceutical concerns.

Owen calls for multinational Gulf force

By Peter Riddell, Political Editor

RENEWED CALLS have been made at Westminster for a multinational or United Nations force to protect shipping in the Gulf.

Dr David Owen, Social Democratic Party leader, wrote yesterday to the Prime Minister arguing that Britain should offer to make available some of its minesweeping vessels to work under a multinational command in the Gulf.

He wrote: "I would envisage the US navy, the Soviet navy, the French navy, the Kuwaiti and Saudi navies, all contributing to a multinational minesweeping effort.

"With such a minesweeping operation established, it might then be easier for the US to pull out some of its bigger naval vessels and for everyone to concentrate on the key question of maintaining freedom of navigation under the umbrella of the UN resolution and in a low-profile, non-provocative way."

The Government said yesterday that it had no intention of increasing the force in the Gulf in any form.

Dr Owen's letter came as the Commons defence committee published a series of memoranda submitted to it before the election.

One from the National Union of Marine, Aviation and Shipping Transport Officers argues that the Government should urgently consult other neutral nations regarding the provision of a pool of international warships.

Lucy Kellaway looks at plans to link Wytch Farm with Fawley

Sighs of relief from BP—and the squirrels

IT INVOLVED four Energy Secretaries, a millionaire's tennis court, and the rare red squirrel. At stake were more than 10,000 jobs and the recovery of some 230m barrels of oil from one of the most beautiful parts of England.

The weird and lengthy story of how plans were finally approved to develop the largest onshore oilfield in Western Europe—at Wytch Farm in Dorset—has closed after six years of consultation, obstruction and negotiation.

Yesterday permission was granted to build an oil pipeline skirting the edge of the New Forest to take the oil from the field to the Fawley refinery at Southampton. BP and its partners can heave a long sigh of relief. The go-ahead for the pipeline was the last obstacle between them and their £300m development plan for the field, and formal development approval should follow automatically in a few days.

The story does not have a clear victor. While the oil companies have gained permission to develop a field that will be much more profitable than any of the possible North Sea developments, they have not reached the point without making serious concessions.

More than three years have passed since BP first put forward its proposals for developing the field. During that time it has held about 300 meetings with local groups and consultants, resulting in several important changes.

Most significantly, it has had to back down on the storage plans for liquefied petroleum gas, as well as on more minor changes in the routeing of pipelines and the building of a private access road for the site.

The process has been expensive. When BP took over operations of the field from British Gas in 1984, it had not expected that it would be three years before it put its plans to work, and had not bargained for a public inquiry into the pipeline.

According to Mr Roger Mowll, development director of Wytch Farm, much of the £75m spent so far has gone on resolving environmental issues, which have also forced up the total development costs from an estimated £265m to £300m. Every week that big oil flows from the field have been postponed, revenue has been foregone.

BP says the end result should fit in as much as possible with the surroundings of Dorset and Hampshire. As described in numerous brochures by the Wytch Farm partners, the development will include an expansion of the existing oil-gathering site well out of view in the middle of Wytch Heath, and a new site at Furzey Island, which BP bought from Mr Algy Cluff two years ago for £750,000.

All the pipelines will be buried under ground, a special access road will be built so as not to destroy the existing winding country lanes, while all equipment above ground will have its height controlled and will be painted in camouflage colours.

If Saatchi and Saatch had advised BP on the unenviable task of persuading Dorest residents that they wanted an important oil development in their rare and beautiful land, they could scarcely have done better.

On the wall of his office Mr Mowll has a large colour photograph of the existing Wytch Farm gathering station buried in forest with green countryside stretching beyond. He says: "We like to think of this as a landscape on loan."

The smaller partners in the scheme can perhaps afford a little more irreverence. Mr Roland Shaw, the outspoken chairman of Premier Consolidated Oilfields, talks with amused irritation about the demands made on behalf of the "Dartford warbler, and the seven kinds of reptiles," and the "millions spent on building ladders for the red squirrels on Furzey Island"

But for the smaller partners the real aggravation had less to do with the red squirrel than with the interminable negotiations with British Gas over the forced sale of its 50 per cent stake in the field, which started in 1981 but was not completed until the Spring of 1984.

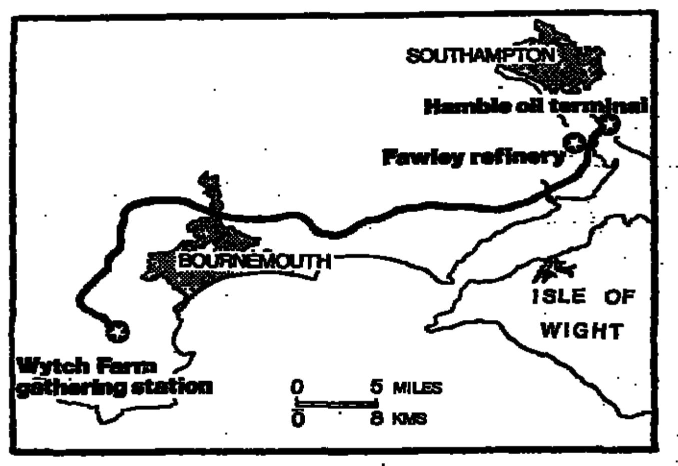
Ironically, it was decided that it would be faster to sell the stake to the industry, rather than roll it into a new company to be floated off. But the Government had not bargained for the reluctance of Sir Denis Rooke, British Gas chairman, to part with the stake, and while negotiations floundered, development plans for the field went into abeyance.

In spite of the delays and the fall in the oil prices since the deal was clinched, the smaller companies have still fared well. Wytch Farm may have been a logistical nightmare, but it has been a geological dream. With every new well drilled the reserves of the field have grown, and the 60,000-barrels-a-day peak production now forecast is three times as big as that envisaged at the time of the sale.

The two development wells drilled in 1985 from the middle of Mr Algy Cluff's old tennis court on Furzey Island, were particularly significant in increasing the estimates of the scope and quality of the reservoir. More wells will start drilling later this year and it is possible that the field will prove bigger still—although recent speculation that the area might contain more than 400m barrels appears a little optimistic.

While the scale of the Wytch Farm field has been increasing, other onshore oil prospects have been looking much less enticing.

Once regarded as the test case for the development of onshore oil in the UK, Wytch Farm is now regarded as a one-off, as it is more than 20 times the size of most of the recent onshore discoveries. As Mr Mowll points out: "Most onshore discoveries are too small to bear the costs of a very complicated and exhausting process that Wytch Farm has been through."



BP GAINS PERMISSION FOR OIL PIPELINE

BP YESTERDAY received government permission to build an oil pipeline from its Wytch Farm oilfield in Dorset to Southampton Water, writes Lucy Kellaway. The move clears the way for development of the largest onshore oilfield in west Europe.

Formal approval for the £300m development plan, which has been under discussion with local authorities and environmental groups for nearly three years, is expected in the next few days.

The decision follows a public inquiry into the routeing of the pipe, which skirts the edge of the New Forest. In announcing the decision, Mr Cecil Parkinson, Energy Secretary, underlined the importance of developing onshore oilfields to supplement North Sea output. He had examined the proposals closely and was satisfied the pipeline would not harm the environment.

Development of the field was regarded as a test case for onshore oil because it was the first significant onshore field in the UK and is situated in the beautiful area of Poole Harbour.

BP said it was delighted at the decision and that work would start on developing the field as soon as formal approval had been received.

The plan will increase production at the field from its current level of 6,000 barrels a day to 60,000 barrels by the end of 1989. BP said 1,400 jobs would be created locally during the development stage, falling to 400 jobs once the field enters full production.

The New Forest Consultative Panel expressed disappointment at the decision yesterday, saying that although the pipeline would not do much damage to the forest itself, "the decision makes the forest more vulnerable to oil exploration."

Permanent world-wide gag on Wright sought

BY CHRIS SHERWELL IN SYDNEY

The BRITISH Government wants a permanent worldwide gag on Mr Peter Wright, the former MI5 officer, to prevent him from talking publicly about his memoirs, documents submitted to New South Wales Court of Appeal show.

The documents summarise the UK position in its attempt to overturn the state supreme court's decision last March to refuse an injunction preventing Heinemann from publishign Mr Wright's book.

The appeal is being heard this week, but since the March decision the book has been published in the US and extracts have appeared in Britain. Those moves have complicated the British legal task.

In exchanges yesterday Mr Mr Justice Michael McHugh, one of three judges hearing the appeal, asked persistently whether publication of the book in the US meant the damage Britain was concerned about had not already been done.

Mr Theo Simos, QC, for the British Government, said damage was done but repeatedly emphasised the importance of stopping further disclosure, to prevent the breach of obligations by a secret service agent being compounded or aggravated.

He said others who might leak information had to be discouraged and the secret service had to demonstrate to other agencies that co-operate with it how far it was prepared to go to protect confidentiality of information.

According to documents submitted to the court, the British Government wants an injunction to restrain Mr Wright "from doing any act which would or could or might cause or result in any publication or further publication of any material" he obtained while with MI5.

That material is spelt out to include "the publication or further publication of the Wright manuscript anywhere in the world, the advertisement or promotion of the book Spycatcher as published in the US or anywhere else in the world, or the Wright manuscript or any part or parts thereof or any information or matter contained therein, by means of lectures, lecture tours, radio, television or other media interviews or otherwise howsoever."

Law Lord calls claim a fetter on press freedom

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S claim for injunctions stopping newspapers publishing information from Mr Peter Wrght, the former MI5 officer, was described by a senior Law Lord yesterday as "a pretty startling fetter on the freedom of the press."

Lord Bridge asked: "Is it seriously the Government's position there should be a blanket gag put on the British press from discussing anything revealed by Mr Wright, assuming it to be—as I do—a matter of keen public interest? Is it seriously contemplated a permanent fetter on discussion in the English press when the allegations are available for discussion worldwide?

The Law Lords were hearing an appeal by Sir Patrick Mayhew, QC, Attorney General, and three newspapers—The Guardian, Observer and Sunday Times—against last week's Court Appeal decision to maintain a limited injunction on the newspapers. The Attorney Central wants the initial blanket injunction restored until full tiial of his action. The newspapers want the orders cancelled.

Mr John Mummery, Treasury Counsel, for the Government, replied: "This was an exceptional case and the first time anyone had succeeded in breaching the highest secrecy by the backdoor route of publishing in America."

The Law Lords questioned whether the Government would continue its protest in Britain if the Australian courts allowed Spycatcher to be published here. Mr Mummery said the position was protected in Australia until final decision.

He said: "I would draw the important distinction between publication in Australia, after the legal rights and wrongs had been fully dealt with in the courts, and publication in America, where there has never been any opportunity to have the matter determined in court."

The hearing continues today.

Satellite TV project's forecasts challenged

BY RAYMOND SNODDY

BRITISH SATELLITE Broadcasting, a £625m direct broadcasting by satellite project, is likely to be a financial disaster, a leading consultancy suggested yesterday.

CIT Research forecast that by the fifth year of the project BSB would have 150,000 subscribers compared with estimates of 6m in its business plan.

BSB, the shareholders of which include Granada, Pearson which publishes the Financial Times, Virgin, Bond Corporation of Australia and Reed International, plans to launch three channels of television direct from satellite to individual dish aerials in autumn 1989.

Cable TV Communications in Western Europe 1987 and New Satellite Communications from CIT Research, 1 Harewood Place, Hanover Square, London W1R 9HA.

Tiphook to boost trailer fleet in £50m expansion

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

TIPHOOK, a fast-growing container, trailer and rail wagon leasing company, yesterday announced plans to spend £50m on 3,000 trailers for delivery over the next nine months.

The order will boost Tiphook's trailer fleet to around 7,500 and consolidate its position as the third largest trailer lessor in the European Community, behind TIP and Rentco.

In the UK, which accounts for just over half the estimated Community leasing fleet of 40,000 trailers, Tiphook will move into second place behind TIP, and ahead of Trailerent.

Tiphook announced a £36m one-for-two rights issue this month, on the back of a 63 per cent increase in pre-tax profits to £4.5m, and plans to spend a further £50m this year on new containers and rail wagons.

Mr Robert Montague, chairman, said the increase in the trailer fleet would allow Tiphook's Central Trailer Leasing subsidiary to take advantage of the "dramatic expansion" of demand throughout Europe.

The trailer rental industry has grown rapidly in the UK since first-year capital allowances were abolished in the 1984 Budget, making purchase of assets less attractive to operators.

Growth has been less rapid in the rest of the Community, where the concept of trailer hire has not yet taken root. There are believed to be nearly 1m trailers in use, under 5 per cent of these rented.

Tiphook has established itself in several leading European Community markets including France, Spain and West Germany. The company's rapid growth has been well received by the City since its flotation two years ago, and analysts are forecasting pre-tax profits of around £9m this year.

Charity call on debt relief

BY HUGO DIXON

WAR ON WANT, the charity that channels aid to the third world, said yesterday the Government should not give tax relief to banks that make provisions for third world debts. Instead, it should use the cash to provide debt relief.

The Inland Revenue is expected to allow the big clearing banks nearly £1bn in tax relief over the next few years as a result of recent provisions.

WOW says the government should use that money to buy £1.9bn in loans off the banks, paying half their face value. It should then either cancel the debts completely or reschedule them on very favourable terms.

Western takes over Asda arm

By John Griffiths

DRIVE TECHNICAL Centres, the servicing arm of Asda-MFI's Asdadrive car s ales venture shut down in May after less than a year, has been taken over by the Western Motor Holdings group.

Western, itself the subject of a consortium-backed management buy-in in April, plans to expand DTC into a chain of seven-day-a-week, late-night car servicing centres.

In what amounts to an important innovation by the Royal Automobile Club, in conjunction with DTC, it is intended to use the centres partiy as "fast appraisal" used-car assessment centres.

Potential buyers of used cars will be able to take cars intended for purchase for an immediate RAC inspection and assessment of faults. Both the AA and RAC provide inspection services already, but they have had to be individually arranged and have usually involved engineers travelling to individuals' premises.

DTC is also negotiating to take over some of th ecar sales franchises formerly held under the Asdadrive baner.

The DTC centres, although integral to the Asdadrive venture, were separately owned by Mr Graeme Millar and Mr John Klaymar.

Asda-MFI had no equity or management control in DTC, which has continued to trade sinc eAsdadrive was terminated by Asda-MFI less than a month after it announced that it was expanding the number of outlets from seven to 29.

Mr Klaymar has now left the business and Mr Millar has sold a 75.1 per cent stake in DTC to Western. He remains as chief executive and gains a seat on the Western Board.

Used car sales record forecast

By John Griffiths

RECORD USED car sales of more than 5m units are forecast this year by Glass's Guide, the trade monitoring organisation.

However, the guide, in its August editorial, says some 3m of those will be made privately, representing substantial lost opportunities to the retail motor trade.

Glass's says the trade itself will handle about 2.2m used car sales, worth about £9bn, this year. That would represent a 10 per cent increase on 1986, although the editorial acknowledges that precise statistics are unavailable.

It expects a further used car sales record to be set next year, despite a predicted dip in the new car market from what Glass's expects to be a record 1.9m units this year.

Issues that unite taxpayers on currency exchange

Clive Wolman looks into a call for fiscal reform

PROPOSALS FOR an overhaul of taxation of currency gains and losses, submitted to the Government on Monday by nine leading trade and professional bodies, represent the first united front of taxpayers on an issue of growing seriousness after 11 years of trying.

In 1976 the Confederation of British Industry made the first attempt to propose reforms to tax rules that the Institute for Fiscal Studies, an independent think-tank, described in a critique two years ago as based on "curious, antiquarian" distinctions.

However, the banks refused to join in and no changes were made. The arbitrariness of the present system has since become more acutely and widely felt with the abolition of exchange controls and increasing exchange rate volatility.

According to Mr John Chown, a tax consultant who is one of the nine members of the working party which drew up the proposals: "Until now, the Inland Revenue has always been able to play the divide-and-rule game to justify doing nothing."

In December 1983, the House of Lords acted against the Revenue in a judicial ruling which spared the Marine Midland bank from paying tax on a currency gain from its US dollar assets because they were being held purely as a hedge against losses on a dollar loan.

In January 1985, the Revenue produced a provisional statement of practice which interpreted the court ruling in a narrow way, only exempting from tax positions which were perfectly hedged.

A fuller statement of practice issued in February of this year led to a meeting between the Revenue and representatives of the nine organisations, who insisted that a change in the law was necessary. The Revenue suggested that they should try to reach agreement among themselves.

The organisations have now produced a single document which says that all currency gains and losses should be subject to, or able to be offset against, corporation tax, but only when they are realised. The category of "nothings" which have no tax effects should be abolished.

The proposals betray some of the weaknesses of a consensual approach. There is, for example, a fudge on how currency gains and losses of portfolio investors such as insurance companies should be treated.

More fundamentally, the document fails to tackle two issues of definition. One is which currency movements should be considered capital gains or losses and not subject to schedule D income tax.

The more serious failure is the absence of a test for when a taxpayer has realised a currency gain or loss. A UK company which takes a US dollar overdraft to buy a piece of New York real estate could keep on "realising" its currency loss to cut its tax liability by repaying its overdraft and drawing it down again, while the real estate would continue to appreciate tax-free.

According to Mr John Kay, co-author of the 1985 IFS paper: "You will never come up with a definition of what can count as a realisation which is not arbitrary and easy to get around." His proposal was to subject to tax only the permanent or expected component of exchange rate fluctuations.

However, Mr A. Willingale, of British Petroleum, who chaired the working party, dismisses this suggestion. "The IFS paper was a splendid piece of academic work and a totally impractical solution," he said.

The Revenue is now considering a change in the law in next year's Finance Act.

Siemens

A high risk rebalancing act

Terry Dodsworth explains why the W German group is willing to pay heavily to become a significant player in semiconductors

SIEMENS, the West German electrical and electronic group, rarely makes headlines. It is the biggest company in Europe in its sector, and the fourth largest group of its kind in the world, but it is probably less well-known than Olivetti, the Italian electronics concern which is only one-seventh of its size. It moves quietly, eschewing the grand strategic declaration or the dramatic takeover.

Yet in its own subdued way, Siemens has been changing rapidly in recent years, evolving away from its base in conventional electrical equipment. Under Dr Karlheinz Kaske, a physicist who moved into the chief executive's slot six years ago, it has shifted resources increasingly into research and development.

It has launched an international project with Philips of the Netherlands to develop a new generation of microchips which is aimed at catching up with the Japanese, and it has moved resources into systems products—factory automation, vehicle and medical electronics—that will use these chips. In the US, the biggest market in the world for its type of products, it has steadily expanded its operations to become a $2.6bn-a-year corporation staffed almoset exclusively by Americans.

These are all ambitious moves, aimed at turning Siemens unequivocally into an electronics-based company — it would like to increase its electronics-type activities from about a half of its business to around two-thirds by the end of this century.

Yet these changes are also quite risky. At the centre of the re-balancing of the company lies an organisational concept that requires a much stronger semiconductor activity and a greatly-improved ability to integrate these components into the process of producing specialised finished goods.

"Siemens' principal strategy is to focus on micro-electronics and software," says George Verghese, an analyst at Deutsche Bank. "These are the foundations for growth in the electronics industry as the most sophisticated equipment incorporates advanced components and data processing systems."

The risk element in this policy lies in the heavy cost of becoming a significant player in the world semiconductor industry. This is a business characterised by insatiable investment demands and volatile profits. It is dominated by large Japanese and American companies capable of supplying virtually every conceivable kind of chip. So why take the chance of trying to compete in a significant way?

Because, says Siemens, there are advantages in vertical integration as a means of producing complex components which clearly differentiate the company from its competitors.

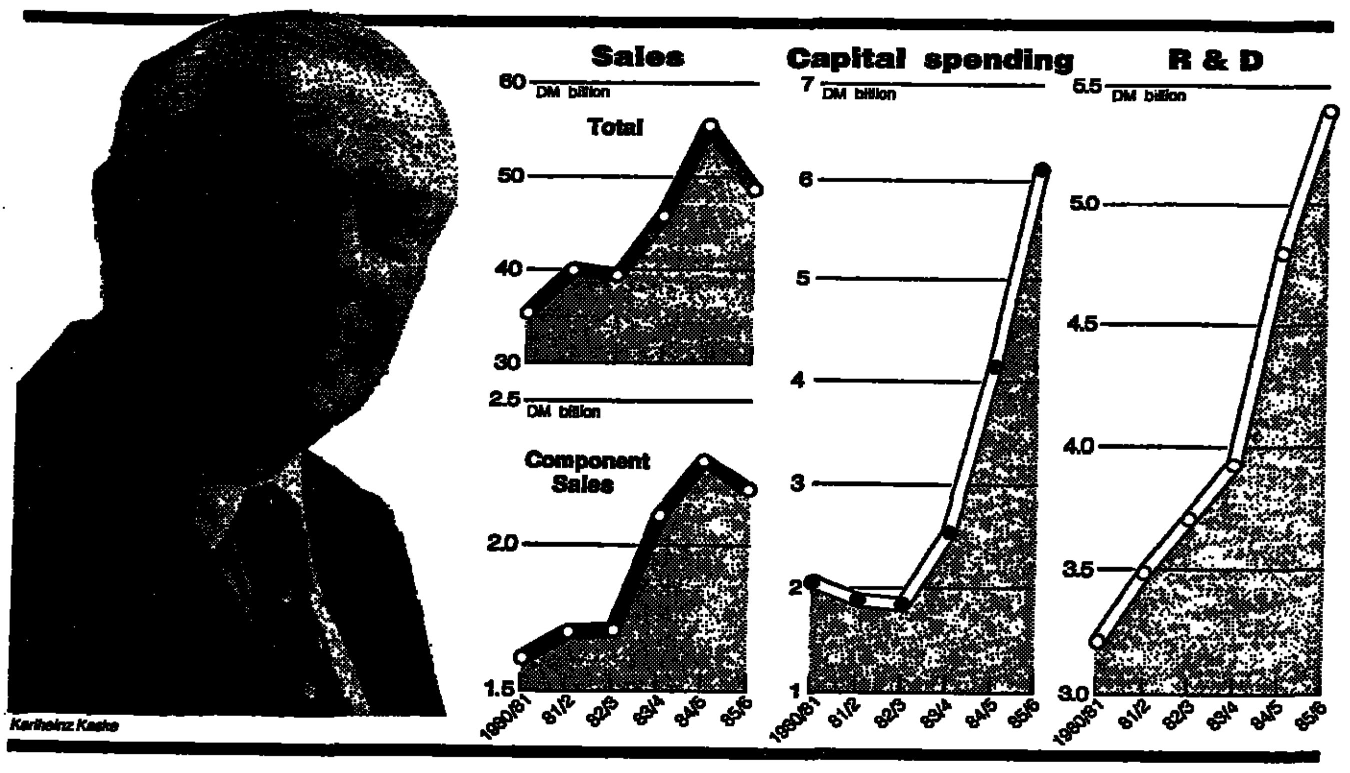
Take the automotive sector, for example. Here is a market where Siemens believes there is scope for explosive expansion over the next few years. Worldwide demand for vehicle electronics, it says, will grow from $5.2bn last year to $16bn in 1995.

This development should be tailor-made for a group like Siemens, because some of the fastest growth could be among companies on its own doorstep: in luxury executive cars, West Germany's speciality, the electronic content is expected to grow particularly rapidly—from 4.5 per cent on average at the moment (a Mercedes has about 7 per cent), to 15 per cent by 1995.

With these kinds of reward at stake, car electronics can be expected to become increasingly competitive and demanding. This means that the devices being made for the industry—Siemens is aiming particularly at the high-value engine management sector—will rapidly become smaller, more complex and more difficult to design and build.

On the semiconductor side, a necessary condition to play in the game will be submicron technology—the ability to make chips on which the surface etchings which make the circuits are one micron or less—or one thousandth of a millimetre—in width.

Only with this technology can semiconductors become small enough and fast enough to perform some of the functions required. At the same time, Siemens will need a mix of product types in the new systems, bringing together the more traditional bi-polar devices with the developing CMOS technology, a type of semiconductor which uses less power and generates much less heat.



Karlheinz Kaske

"When we come to design a system which combines anti-skid and safe steering devices, we shall almost certainly require submicron technology," says Dr Hermann Franz, group head of the microelectronics division. For the second generation of public telephone integrated data switches, capable of handling a large volume of different kinds of voice and data messages, Siemens will need the techniques of integration now being developed through the collaborative megaproject with Philips for 4 megabit chips—semiconductors capable of storing 4m pieces of information.

Ever since the megaproject was launched, however, Siemens's critics have been asking whether it can make the strategy work. The cost of catching up has already been amply demonstrated in one unexpected hiccup — the decision to seek help from Japan and license technology for a one megabit memory chip. Dr Franz concedes that the company may still be up to two years behind the Japanese in manufacturing know-how. "The Japanese are still the masters," he says, although he insists that the group is on target to complete its 4 megabit project by 1989.

With these sorts of technologies available in-house, Siemens is much more confident that it will be able to keep up in the race against the Japanese and American systems companies. Knowing what is available and possible in semiconductor technology, it says, may mean lead times of several months in developing new products.

Among other issues are:

● Funding: The size of the project makes it a strain even for a company with the strength of Siemens's balance sheet. Franz says that the total megaproject programme, including new plant, research and development, and employment, will cost 10 times the DM 240m (£81.4m) the West German Government gave the group in aid. Japanese groups, he claims, have received much more public assistance in the development of their microelectronics industries through the MITI Very Large Scale Integration programme.

While there have been some suggestions that these costs may force Siemens to change direction, Hermann Franz, who heads the automotive electronics division (he is no relation to Dr Franz), argues that these costs have to be borne and that it is natural for the cash generating parts of the business to support development in new areas.

"One example of this is data systems, where we started in 1957," he says. "It cost us a great deal of money and we had many discussions about whether we could bear the load. But now we are getting money out of this business to put into other areas like car electronics."

● Size: Anxieties over the cash drain have led to strong speculation recently that Siemens may seek to reduce its exposure in microchips by closer links with other companies. Technology alliances are common in the semiconductor industry to help spread the cost of developing new products, and Siemens has some itself. But might Siemens be considering something more radical?

Dr Franz concedes that the company is constantly asking itself whether it has achieved an optimal size, particularly in the wake of the recent merger between SGS of Italy and Thomson Semiconductors of France. Siemens's sales amounted to around $360m last year, against SGS-Thomson's $760m, and Dr Franz admits that mergers are "a logical way" to go.

But although it receives frequent approaches, the company has nothing under serious discussion at the moment, he says, and links with other companies will be confined for the time being to closer technological collaboration, as in the Philips deal.

● Marketing: The size issue points to another conundrum. To make best economic use of its fabrication facilities, Siemens will have to sell more semiconductors outside the group as it expands. This is a different business from the world of electrical and telecommunications contracting with which it is most familiar, and in which supplier companies have almost umbilical links with their clients. Some analysts argue that it lacks the managerial skills to make the transition to this highly competitive, open-market environment.

So far, indeed, it is impossible to say whether Siemens's gamble is coming off. Financially, semiconductor manufacturing has proved an exceptional headache over the past two years for virtually every company in the business because of the slowdown in demand.

The West German company has proved no exception to this rule. And Dr Franz adds that the semiconductor division is still below its target of supplying 50 per cent of Siemens's in-house needs, partly because the group requires a high variety of products, and partly because the user divisions need to develop new applications

The aim, however, will be to make this approach work by concentrating on specialised areas for which specific chips can be designed. In the automotive division, for example, Hermann Franz speaks with enthusiasm about the technology which is already being developed through custom-designed semi-conductors and other products which are grouped together for motor car applications.

The division is already achieving a growth rate of more than 20 per cent a year, he says, and he speaks with equanimity about the long period over which car electronics will absorb cash—he is planning investment of DM 300m—from the rest of the group.

"In such activities as this, you must be prepared to put money in for 10 years to get into the position of being number two in the world," he says.

But is it necessary to run the additional risk of volume chip manufacturing to develop another cash-hungry business like auto electronics as well? Hermann Franz argues emphatically that it is. The differentiating factor in his division, he contends, lies in its unique semiconductors, and these are special because the know-how in them flows from both the components group and the automotive division.

"If there is clever co-operation between us, the integration works because our people speak the same language. There is a much more direct relationship between us than with other companies," he says.

Management Abstracts

A prototype expert system for industrial truck type selection. C. J. Malmborg and others in Industrial Engineering (US), Mar 87 (6½ pages).

Discusses how an expert system may be developed to identify a set of feasible industrial truck types which would be applicable to specific material handling situations; indicates the principal elements of the knowledge bases in terms of truck type characteristics and application area requirements; outlines the definition of rules for relating truck types to handling problems and how to establish a protocol for applying them.

Knowing when to pull the plug on projects. B. M. Shaw and J. Ross in Harvard Business Review (US), March/April 87 (7 pages)

Considers reasons why major projects are allowed to continue despite evidence that they should be stopped, citing a tunnel project in Chicago as one where all parties have been dragged in too deep to get out: discusses psychological motivations for persisting as well as social reasons (no one likes to admit to an error) and organisational aspects; outlines how executives can prevent over-commitment by recognising their own propensity to allow trouble to escalate; looks at how the organisation can change to limit potential damage, eg by replacing those associated with the project.

Job classification for knowledge workers. B. R. Helton in Industrial Management (US), Jan/Feb 87 (3½ pages)

As white-collar work is becoming more knowledge-intensive, advocates the use of work classification in planning white-collar work improvement; uses four criteria to classify work requirements: work range (the scope of the work); work structure (how changeable are work goals); control (how much discretion is involved); cognitive effort. Compares work classification and job description approaches and points out that white-collar work time is rarely based on the job description; provides an example to illustrate the concept at the Arabian American Oil Company in Saudi Arabia.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p, cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

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An exceptional Settlements Manager is now required to organise and run their London operation. The role will primarily involve organising the work flow and ensuring the smooth running of the settlements office on a day-to-day basis. Reporting to a main board director, you will also be responsible for liaising with the sales team to guarantee a smooth and efficient back office to complement the company's rapidly expanding business base.

Candidates, aged in their 30's should be bright, enthusiastic and have outstanding interpersonal skills. A proven track record in settlement and accounting procedures in the equity marketplace is essential, as is the ability to manage a team in a pressurised and expanding environment. *Career prospects are guaranteed in this forward* thinking and aggressive company.

Interested candidates should contact Sarah Beaumont on 01-629 8070 weekdays. Alternatively send a detailed curriculum vitae, quoting Ref. L.266, to her at Slade Consulting Group (UK) Ltd, Metro House, 58 St. James's Street, London SW1A 1LD. All applications will be treated in strictest confidence.

London · Melbourne · Sydney · Brisbane · Adelaide · Perth · Auckland · Christchurch

SLADE CONSULTING GROUP (UK)

Unique Management Opportunity for a Leasing Professional

In a Rapid Growth, Highly Profitable Environment

Salary negotiable — The City

Girobank is continuing to increase the range of services being offered to both the corporate and personal banking markets. During the past three years, one of the major areas of growth in our Balance sheet has arisen from our Leasing and Asset Finance activities. Further expansion is planned to develop additional asset based lending facilities and we are seeking to appoint an experienced leasing professional to manage the existing book and to assist in the developments of new products.

Reporting to the Head of the Department, the Leasing & Asset Finance Manager will preferably be a qualified ACIB, have broad leasing experience which must include extensive knowledge of evaluation procedures, documentation and negotiation skills, and possess the ability to effectively control all aspects of lease administration.

The major challenge will be to achieve significant results by implementing a fully automated administration system which will cover the whole range of our asset based finance facilities. In addition you will be expected to provide further training for existing staff and to make a significant contribution towards increasing the department's profitability.

If you are interested in this opportunity, please write or phone for an application form to: Paul Wildes, Management Appointments Manager, Girobank, Bridle Road, Bootle, Merseyside, G1R 0AA. Tel: 051-966 2487.

Girobank

Canadian Equity Trader

Our client, a prestigious Canadian broking house, seeks to add an experienced institutional equity trader to their team as part of a progressive expansion programme.

The position involves dealing with institutional clients in the UK, Europe, Middle East and Far East, and candidates must have had at least 2 years' experience in the Canadian Securities industry. Specifically, they should have a specialised knowledge of risk arbitrage, and be capable of sophisticated hedging techniques using computer arbitrage models in international markets.

An attractive remuneration package will include a negotiable base salary, bonus and other executive benefits.

In the first instance please write to **Timothy R. Wilkes** at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality is, of course, assured to all respondents.

MP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

Small Stockbroking Firm on the point of major expansion requires an

Office Manager

A competitive salary will be paid

*Write Box A0753, Financial Times
10 Cannon Street, London EC4P 4BY*

We are currently recruiting experienced traders and marketing executives for two premier banks in the City in the following areas:—

Senior Dealers: Foreign Exchange and Deposit
Deposits and Money Market
Foreign Exchange Spot Major Currencies

Traders: Short Swaps (Futures and FRA's)
Currency Swaps (£ domestic market)
OTC Options/Futures

BOND SALES

MARKETING EXECUTIVES

Manager Trade Finance
Marketing Support Officer
Marketing Executive—Capital Markets
Fluent in Spanish or Portugese
Marketing Executive—Scandinavian Group
Account Officer—Credit Administration
Assistant Manager Marketing—Trade Finance

***PLEASE CONTACT SHEILA JONES* ON 01-588 3991**

OLD BROAD STREET BUREAU LIMITED

SALES/MARKETING MANAGER

City — £50-£60k

TCAM Systems (U.K.) Limited – a leading U.K. Software Company which is an Associate of TCAM Systems Inc., a well known American Systems House, is marketing a specialised software package which provides a fast and comprehensive trading environment for dealers in the Eurobond, Gilt Edged and International Equity markets.

The Company is seeking a SALES AND MARKETING MANAGER to take responsibility for the profitable sales of the Company's products and services. Based in the City of London, the position is open to candidates in the age group 30-40 years with a good standard of education and competence. Evidence of a successful sales and marketing career must be available and knowledge of City Institutions, the Stock Exchange and computer techniques applied to Trading Systems would be an advantage.

An excellent income package amounting to £50-£60k will be offered to the successful candidate as well as a number of other benefits including a company car.

Applications in writing with a full resumé should be sent to:

Ray Skinner, Director
– SMI Computer Recruitment

Senior Management International
Executive Search Consultants

Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

Marketing Opportunity

FinansSkandic is the leasing subsidiary of Skandinaviska Enskilda Banken, Scandinavia's largest banking institution. With a network of operations throughout the world, FinansSkandic(UK) was established a year age to further extend the FinansSkandic Group's international network and bring to the UK market unique expertise.

We are now looking for a Marketing Officer aged around 30 to join our team based in Richmond, Surrey to assist in developing our indigenous, and Scandinavian-related, UK business, and research and develop new products, related to asset based finance.

In-depth knowledge of asset-based finance is not essential, but candidates must have previous experience in marketing and selling financial services products and developing and maintaining client relationships. Some understanding of and/or exposure to Scandinavian business practice, is also an advantage.

The role is a demanding and challenging one and presents a first class opportunity to develop an understanding of the UK leasing market and contribute to the successful growth and development of a new business venture. International Business will also be developed in conjunction with the FinansSkandic International network.

A competitive package is offered including performance-related bonus, non-contributory pension, company car and subsidised mortgage. Applicants should forward a full C.V. detailing age, current salary and full career history, to: Bjorn Osterlund or Staffan Tjus, FinansSkandic (UK), 2 Spring Terrace, Paradise Road, Richmond, Surrey. Tel: 01-940 7144.

FinansSkandic (U.K.)

GRADUATES

A minimum of 2 years' banking is required by international audit team in prime American Bank. Approximately 30 per cent travel to Europe and Middle East.

If you have no banking but possess a good degree, have worked with a large firm of chartered accountants, and are looking for a move to banking, do please contact us. Fluency in a European language would be an asset but is not essential. Thorough training and excellent salary plus a mortgage subsidy.

Age 23-29 years.

ASB RECRUITMENT
50 Fleet Street, London EC4Y 1BE
Tel: 01-583 1661, Shelagh Arneil

Equity Sales opportunities in our new dealing facility

Grenfell & Colegrave Limited has recently changed its name to CIBC Securities Europe Limited and moved into a new, enlarged Trading Room in the Cottons Building on the South side of the Thames at London Bridge. CIBC are fully committed to becoming a major player in the equity markets of both Canada and the UK. Now, as a result of this expansion, we have created the following vacancies for high calibre staff:

CIBC

CANADIAN IMPERIAL BANK OF COMMERCE

UK Equity Specialists

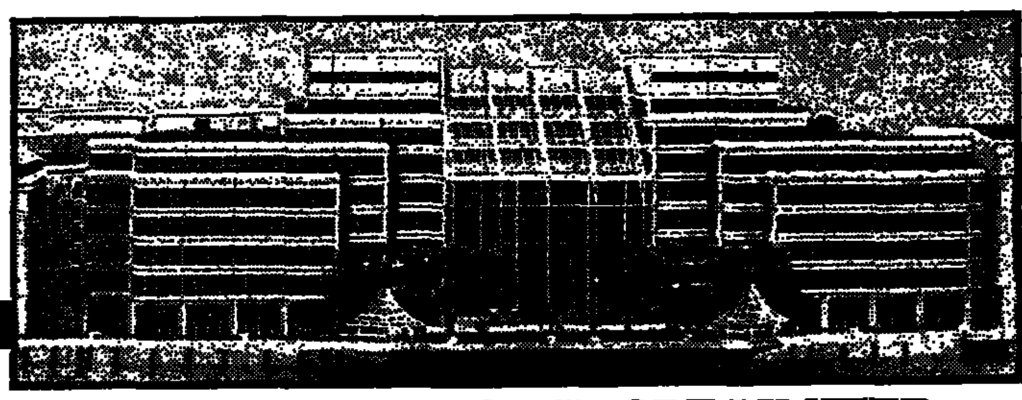
With a good knowledge of the UK equity markets, and two years' relevant stockbroking experience, you will be selling to institutions in both Canada and the UK.

Canadian Equity Specialists

Involved in selling within the UK, you should possess a thorough knowledge of the Canadian equity markets, as well as two years' relevant stockbroking experience.

If you have the requisite skill and expertise in these areas, and are willing to make a full commitment to our growth and success, you will be extremely well rewarded with a competitive salary and benefits package. Opportunities for career progression are excellent.

Please write immediately enclosing your cv to John Hardisty, Manager Human Resources, or to David Fitzsimon, Managing Director, CIBC Securities Europe Limited, Cottons Centre, Cottons Lane, London SE1 2QL. Tel. 01-628 9858.



CIBC SECURITIES EUROPE LIMITED,
A wholly owned subsidiary of **CANADIAN IMPERIAL BANK OF COMMERCE**

INVESTMENT SERVICES MANAGER

Continuing our commitment to investment excellence, Abbey Life Group Plc, is seeking to appoint an Investment Manager within its Financial Centre.

The job is to manage and develop the Group's range of portfolio and investment advisory services.

This is a new appointment in a rapidly expanding area of the Company and will provide challenge and growth for the successful candidate. Ideally the candidate should have a minimum of 5 years experience in the management of client portfolios and the provision of investment advice. You will also need to be a highly competent manager with well above average communication and presentation skills.

A competitive salary will reflect your experience and is backed up by a generous range of benefits including mortgage subsidy and full relocation assistance to one of the U.K.'s most attractive locations.

Please send a comprehensive C.V. to Ann Matthews, Senior Personnel Officer, Abbey Life Assurance Co. Limited, Abbey Life House, 80 Holdenhurst Road, Bournemouth BH8 8AL.

Abbey Life

Group Treasurer

South East London — c£30K + BMW

Our client is a young, dynamic service sector Plc with an impressive growth record; at £40m turnover has increased by 300% in the last two years. The company operates internationally and future expansion will be by continued organic growth and acquisition within the UK and overseas.

This growth has led to a new appointment of a Group Treasurer who will be responsible for the development and management of the Treasury function. This highly commercial role involving all aspects of company cash management and funding, will have a significant impact on the company's continued success and profitability.

The appropriate candidate will probably be aged 30-40 with a financial institution background or experience in a senior treasury role. A relevant qualification would be advantageous, but is less important than maturity, enthusiasm and a willingness to respond to rapid change and a dynamic environment.

If you are the right individual for this demanding role please submit your CV to Wayne Thomas, Michael Page Executive Division, Cygnet House, 45-47 High Street, Leatherhead KT22 8AG or telephone him on (0372) 375661.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

SAUDI CONSOLIDATED ELECTRICITY COMPANY IN THE WESTERN REGION

Requires the services of

PROTECTION ENGINEERS

with the following qualifications and experience

1- BS, EE, 8-15 years experience in power system protection, preferably in electric utility, or protection scheme design and manufacturer companies.
2- Should be familiar with solid state and computerised protection scheme practices on system from 110kV to 400kV.
3- Should be familiar with protection setting calculations, system short circuit analysis, fault analysis, and analysis of protection performance.

Salaries and fringe benefits shall be decided after the interview. Suitable candidates should send their C.V.'s before 30-8-1987 alongwith copies of educational and experience certificates to:

(E.W.R.) Personnel Department
Recruitment Section
P.O. Box 9299, Jeddah 21413, Saudi Arabia.

Mellon-Pictet International Management Ltd

is a rapidly-growing international investment management company based in the City.

WE SEEK A

PORTFOLIO MANAGER

to join our small, decisive team, assuming responsibility for investments in the U.S. stock market. Initially, this manager will take charge of a sophisticated, computer-based screening/stock selection process with a proven record of superior performance, using it to manage a significant amount of U.S. assets. Over time the manager will be expected to contribute to the evolution and improvement of this process and, possibly, to its adaptation to other markets. The post requires a high level of familiarity with quantitative, computer-based screening and portfolio management techniques as well as practical experience investing in the U.S. stock market.

This is an open-ended career opportunity for a well-qualified, quantitatively-orientated professional who would enjoy working in a small, high-calibre investment team. Remuneration is to City standards.

Please send your curriculum vitae and a brief letter explaining the reasons for your interest to:

Mrs. H. Clarke
MELLON-PICTET INTERNATIONAL MANAGEMENT LTD
Cutlers Gardens, 5 Devonshire Square
London EC2M 4LD

SENIOR DEALER
STOCKBROKING
London — £25,000 neg.

Within the next few months a new Stockbroking firm will begin to trade as a Member of The Stock Exchange. It will have behind it the resources of one of the City's largest Financial Institutions with an existing client base.

We are now looking for a Senior Dealer to join the new venture at its launch, offering exciting career opportunities.

An 'Approved Person' of The Stock Exchange, you will have a minimum of 5 years' dealing experience. You must, of course, have post 'Big Bang' experience and be fully conversant with present dealing systems. In addition, you should be a highly motivated achiever with a proven record in the control and management of a 'Dealing Team'.

If you would like to join us in this new venture and take advantage of the future opportunities write now with your full Curriculum Vitae, quoting reference PP045, to:

The People Partnership

Mr. David Springhall,
The People Partnership,
Freepost MR 6387 (no stamp required),
Manchester M2 8BA. Telephone: 061-833 0042

طلقنا منه الأصل

SAUDI ARABIA

Our client, a leading financial institution in the Middle East, is currently seeking first class individuals to be based in the Eastern Province to have prime responsibility for the following areas:

Capital Markets: Portfolio Manager

An exciting opportunity exists for an individual with a successful track record in actively managing a significant volume of marketable investment assets (multicurrency fixed income and equities) for a major institution or fund. Having experience in managing both long and short horizon portfolios, he should also have a thorough understanding and anticipation of trends in currencies and interest rates as well as a sound knowledge of major stock markets.

The management of their substantial portfolios is considered a core business to the client and they are therefore prepared to reward the successful candidate accordingly.

Head of Trade Finance

The continued development of our client's activities centred around the major industries of the Middle East, has led to the requirement to set up a new product line in Trade Finance.

The successful candidate will have:

- ★ sound practical, technical and legal knowledge of L/C and Bills operations;
- ★ a thorough knowledge of the trade of oil, gas and their products;
- ★ a wide exposure to major trading companies; and
- ★ a successful technical and marketing track record,

and will be responsible for:

- ★ devising operating procedures;
- ★ providing technical expertise to lending officers;
- ★ marketing the trade finance product; and
- ★ building up the team of specialists required.

These are challenging appointments requiring strong management abilities and progressive ideas in a competitive environment. There are highly attractive tax free salaries offered, substantiated by a comprehensive marital status expatriate benefits package. Interested applicants should contact **Warwick Holland** on 01-831 0431, or write enclosing a comprehensive CV to **Michael Page International, 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page International

Specialists in Finance Recruitment

London Amsterdam Brussels New York Paris Sydney

SETTLEMENTS CLERK

Major new international force in The City

Salary package negotiable but highly competitive

Our client is a major international fund company who have recently established themselves in The City. The company now requires to fill the important role of Settlements Clerk.

The position is regarded as a vital one, which will attract someone who already has settlements experience. Some knowledge of computers would be an asset.

You will currently be working in stockbroking, an international/merchant bank or similar financial organisation and will enjoy responsibility and be looking for the type of opportunity and career development this new venture can offer.

Please contact: T.R.C. (The Recruitment Consultancy) Ltd., 31 Southampton Row, London WC1B 5HJ. Tel: 01-831 2776.

TRC

THE RECRUITMENT CONSULTANCY

Unit Trust Trustees

Outstanding Opportunities

Chase Manhattan Trustees Limited seeks staff for its expanding Unit Trust Trustee Operations. This is a chance to join at an early stage a rapidly growing organisation which offers successful applicants the chance to progress with the business.

Assistant Manager

We need an experienced unit trust trustee with extensive practical knowledge who will be involved with all aspects of the business including negotiations with potential clients and subsequent liaison, staff training, systems development, and observance of regulatory requirements.

Unit Trust Administrators

We seek staff with experience of the work of a unit trust trustee.

Salary and benefits are those expected of a leading International Bank.

Please write enclosing a C.V. and covering letter to Miss Shirley Caine, Personnel Department, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

CHASE

UDT COMMERCIAL FINANCE LIMITED

Business Development Manager

Working Capital Finance

£20k–£25k pa + bonus + car + benefits — **Richmond, Surrey**

UDT Commercial Finance Limited is a young progressive and profitable company providing working capital to companies throughout the UK. Recently acquired by the TSB, the company now wishes to recruit an experienced sales professional to handle business negotiations for its main products, Invoice Discounting and Factoring.

An essential prerequisite for the job is the ability to negotiate at senior Board level as well as having a strong financial background, although comprehensive product training and support will be provided.

You will be in your mid 20's to early 30's with a sound track record in the financial sector.

You will receive a starting salary of around £20k plus an excellent benefits package including subsidised mortgage, car, private health care and pension. On target earnings of £25,000 per annum could be achieved within a fairly short period. Financial and career prospects are excellent as the company provides development programmes for all its key people.

Please supply full career details to Murray Chisholm, Marketing Controller, UDT Commercial Finance Limited, Boston House, The Little Green, Richmond, Surrey, tel no. 01-940 4646, quoting ref: FT 609. Open to male/female applicants.

A member of

TSB GROUP

Investing in London

Greater London Enterprise is a public sector investment agency which uses a combination of public and private sector finance to achieve commercial success within a framework of social objectives. We are about to embark on a programme of new venture capital investment involving a high proportion of private sector funds. These new vacancies present an opportunity to be involved at the start of the process and to gain the career rewards of its success.

Portfolio Management & Investment Appraisal

Starting salary around £25,000 plus car

We need high calibre staff capable of fulfilling two important functions

i) making a management contribution to the wide range of companies in which we invest, assisting them to realise agreed business plans

ii) seeking out and appraising new investment opportunities

You may have developed your management skills, which should include sales and marketing ability, through a blend of the following:

- a finance or business qualification
- significant experience of appraisal, structuring and negotiation of new investment
- line management in industry

These jobs will be of interest to people who have achieved early success in a business career and are looking for fast track progression.

Project Executives

Starting salary up to £20,000

You should have the ability and commitment to provide direct support to investee businesses, assist them in achieving their objectives and co-ordinate for them a wide range of commercial and social initiatives. An interest in or experience of co-operatives or other forms of social ownership would be an advantage for at least one position. You should have at least three years experience where you have effectively contributed to company success and now wish to take on more responsibility.

Company Secretarial Assistant

Starting salary up to £16,000

Reporting to the Assistant Company Secretary you will be responsible for the developement and maintenance of the corporate legal practice within Greater London Enterprise, its subsidiaries and projects. Initially you will maintain company records, statutory books, insurances, provide legal advice, prepare agendas and minutes for a range of companies, developing into the formation and dissolution of companies and capital restructuring.

You should have knowledge of Company and contract law some business experience and should have preferably made substantial progress towards the ICSA qualification. You must be able to act on your own initiative and be meticulous in your work.

Please contact Vanessa Moody at Greater London Enterprise, 63-67 Newington Causeway, London SE1 6BD or telephone 01-403 0300 ext. 237 for a job description and application form, to be returned by 18 August 1987.

GLE is an equal opportunities employer and considers all job applicants strictly on their merits. In addition, we positively welcome applications from women, black people and disabled people where they are under-represented in particular jobs. Our premises are disabled accessible, all our posts are open for job sharing, and we provide childcare assistance

GREATER LONDON ENTERPRISE

Treasurer

Leading retail group

£attractive + car — West End

One of the country's best known High Street names, our client has recently implemented a carefully selected programme of diversification and significantly increased both its UK and North American interests. Profitable growth is set to continue, with turnover on course to comfortably exceed last year's figure of £1.3bn.

Assisted by a staff of four, the Treasurer has a broad range of activities. In particular, he/she monitors each operating division's cash situation and arranges loan facilities, short term investment and foreign exchange cover. Other areas include maintenance of banking relationships and input into special projects such as EFTPOS.

Aged about 27-33, candidates must be numerate graduates with an appropriate professional qualification. Three to five years' experience is required, gained either in one of the Big Eight or in commerce. A knowledge of treasury operations and the desire to develop expertise in this field are essential.

An attractive benefits package includes salary according to age and experience, car and petrol, non-contributory pension scheme, life assurance and BUPA.

Please write – in confidence – with CV and current salary to Robin Fletcher ref. B. 23101. MSL Treasurers' File.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

PRIVATE CLIENT STOCKBROKING

Rensburg is one of the largest independent Private Client Stockbrokers in the country with offices in Liverpool, Leeds and Bradford.

In the recent Investor's Chronicle Good Broker Guide, Rensburg emerged top when rated for overall efficiency, and top for overall performance as an investment adviser.

It also emerged as the firm most likely to be recommended to a friend.

Rensburg intends to expand and to improve further and seeks suitably qualified people in all three of its offices. If you would like to be a part of Rensburg's expansion plans please write with full C.V. to Jimmy Burns, Rensburg, Silkhouse Court, Tithebarn Street, Liverpool L2 2NH. Telephone: 051-227 2030.

RENSBURG

MEMBERS OF THE STOCK EXCHANGE

Broadway House, 9 Bank Street, Bradford BD1 1HJ. Telephone: 0274 729406	Silkhouse Court, Tithebarn Street, Liverpool L2 2NH. Telephone: 051-227 2030	11 Park Square East, Leeds LS1 2NG. Telephone: 0532 434631

Economist

CBI

The Confederation of British Industry is seeking a well qualified economist/econometrician to act as Economic Forecaster. The successful candidate will be responsible for the production of economic forecasts using the CBI model and the CBI Industrial Trends Survey.

Strong analytical qualities and a knowledge of econometrics are essential. Experience in forecasting would be valuable, as would experience of a business environment.

The post will involve contact with leading businessmen and civil servants, the media, universities and research organisations.

A competitive salary will be offered. Please reply with CV and stating present salary to: Personnel Department, Confederation of British Industry, Centre Point, 103 New Oxford Street, London WC1A 1DU.

LEADING US FINANCIAL SERVICES INSTITUTION

A major Wall Street Firm seeks a young analyst to join their International Bond Strategy Team.

Candidates should have a consistent academic record, including a first degree and almost certainly a further post-graduate qualification in Economics. Study or work experience in one or more of the world's major financial centres would be considered valuable.

The successful candidate will be responsible for analysing the fixed income markets of Europe and Japan, developing forecasts of interest rates and yield curves and identifying segments of the yield curve, or specific securities, that appear to offer attractive investment opportunities.

A significant proportion of time will be spent analysing the Japanese markets and preparing reports on the European markets for our Tokyo Office, in both English and Japanese. Fluency in English and Japanese, both spoken and written, is essential. A third language capability would be an additional asset. Direct experience of the Japanese markets, gained from either studying or working there is desirable.

Good remuneration/benefits package.

Please write, enclosing a detailed curriculum vitae, to:- T. G. West, Managing Director (Ref: 7483), Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX.

Associates IN ADVERTISING

EQUITIES

JAPANESE SALES — **Salary negotiable**

UK stockbroking firm seeks experienced salesperson—minimum 2 years—to sell Japanese stocks to UK clients. Demonstrated cultural interaction with Japanese needed although language not necessary.

EXPERIENCED SALESPERSON — **age 20-30** — **c. £25,000 p.a. plus benefits**

A thoroughly experienced equity salesperson with fluent French/German is sought by this prestigious UK stockbroker to sell European stock to UK clients,

PRIVATE CLIENT PORTFOLIO MANAGER — **c. £22,000 p.a.**

The securities arm of a large European consortium group seeks a portfolio manager with at least three years' professional experience. Previous knowledge of the management of specific portfolios for high net worth international clientele is essential.

The above positions are all with well-known organisations. A number of brokers have approached us for equity settlements staff at all levels. I would be interested on hearing from you if you are looking for a career move.

Please telephone Cindy Brunck on 377 5040 or write to:

LJC BROKING

146 Bishopsgate, London EC2M 4JX. 01-377 5040

Burson-Marsteller Financial

FINANCIAL PR EXECUTIVES

Burson-Marsteller Financial is expanding and seeking executives at all levels. Experience in financial PR is important, but not vital. A background in the City or financial journalism would also be acceptable. Knowledge of banking would be a distinct asset.

Please ring or write to:

Tony Slaughter,
Burson-Marsteller Financial,
24-28 Bloomsbury Way,
London WC1A 2PX.
Tel: 01-831 2969.

TRADER/FINANCIAL CONSULTANT

Leading international investment house requires Trader/Financial Consultant, to be based in London, with minimum 10 years' relevant financial business experience to specialise in equity business for Swiss institutions and to act as liaison between Swiss offices and London/New York trading divisions.

Salary negotiable. Applicants fluent in German and French in addition to English, educated to degree standard, NYSE registered and with sound knowledge of Swiss global equities business, should write, enclosing full curriculum vitae, to:

Box A0757, Financial Times
10 Cannon Street, London EC4P 4BY

Trainee Stockbroker

Dean Witter Reynolds is a leading American investment house, with offices throughout the United States and Europe.

The London office now has a career opportunity in our US Equity Department for a university graduate with fluent German, preferably mother tongue. You should also be articulate, assertive and sales-orientated. Previous commercial experience would be an advantage and you must be prepared to travel abroad. The successful candidate will be given full training on the job. The remuneration potential is substantial.

Please apply in writing only to: Miss S. Patterson, Personnel Manager, Dean Witter Reynolds Inc., 56 Leadenhall Street, London EC3A 2BH.

DEAN WITTER REYNOLDS INC.

BUSINESS ANALYSIS

PRODUCT PLANNING AND DEVELOPMENT IN AN INVESTMENT ENVIRONMENT

The WM Company is a young, progressive organisation applying innovative thinking and technology to the provision of investment information and decision support services.

Planning and enhancing our product range to maintain our pre-eminent position in this competitive marketplace requires a significant emphasis on development.

Experienced Business Analysts are required to join teams working on research, proposals, appraisals and specifications. Proven, in-depth, analytical and critical skills, allied to an ability to communicate fluently, will be essential. A background in financial or investment systems would be a decided advantage.

WM believes in supporting your skills through relevant training, particularly over the first two years. Our highly competitive salary and benefits package is regularly reviewed in line with your career development.

Salary and benefits up to £20,000 depending on experience.

Interested?

Call or write for an application form to GORDON ROBERTSON, PERSONNEL MANAGER

THE WM COMPANY

ERSKINE HOUSE, 68-73 QUEEN STREET, EDINBURGH EH2 4NR TELEPHONE 031-226 4141 TELEX 727571 FAX 031-2256868

Major UK Stockholder owned by a substantial Banking parent

Private Client Executive

We require for our above Client with a growing presence in this area, at least one Private Client Executive aged between 25 and 40. The candidate must have had investment experience — stockbroking background preferable.

He or she would have to be capable of handling discretionary and non-discretionary accounts, principally the latter. Ability to communicate verbally and in writing is essential both with clients and internally.

It is not essential and probably not desirable for the candidate to have a substantial existing loyal clientele.

A competitive salary and bonus package is being offered.

WRIGHTSON WOOD
11 Grosvenor Place, London SW1X 7HH
Tel: 01-245 9871 (P. Hurst)

Corporate Finance/ Venture Capital

We are a well-established firm of Commercial Finance Brokers. To continue with our successful expansion programme we are now looking for a highly motivated and ambitious professional—preferably Chartered Accountant or Stockbroker—who will head and develop our Corporate Finance Division. The successful applicant will be able to develop his professional career within a successfully and rapidly growing organisation.

Please contact:
Mr H. Ejdelbaum, Joint Managing Director
A. S. CONSULTANTS (Brokers) LIMITED
24 Red Lion Street, London WC1R 4SA

Contracts and Tenders

ALGERIE - الجزائر

ENAPAL

29 Rue Larbi, Ben M'Hidi, Algiers

Notice of International Invitation to Tender No 30/87

The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) ENAPAL is launching an international invitation to tender for the supply of:

1,200 tonnes of Mild Ground Pimento

Interested companies may collect the specification against payment of 200 DA (two hundred Algerian dinars) from ENAPAL, 29 Rue Larbiben M'hidi, Algiers.

Tenders in duplicate together with the statutory documents should be sent to the above mentioned address in double sealed envelopes, the outer envelope bearing the following wording only:

International Invitation to Tender No. 30/87 — Do Not Open

The final date for submission of tenders is fixed at 15 (fifteen) days from the first date of publication. Tenderers will be committed to their tender for 90 (ninety) days from the closing date of this invitation which is addressed only to producers and bodies specialising in marketing in accordance with the provisions of Law No. 78-02 of 11 February 1978 relating to state monopoly on foreign trade.

anep/alger

ALGERIE - الجزائر

ENAPAL

29 Rue Larbi, Ben M'Hidi, Algiers

Notice of International Invitation to Tender No 29/87

The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) ENAPAL is launching an invitation to tender for the supply of:

241 TONNES OF EMULSIFYING SALT
1800 TONNES OF EDIBLE BICARBONATE OF SODA
10 TONNES OF LIQUORICE EXTRACT
40 TONNES OF PECTIN FOR JELLY AND GLAZES
11 TONNES OF ICE-CREAM MIX
20 TONNES OF BEES WAX
6 TONNES OF WHALE BLUBBER
34 TONNES OF VEGETABLE WAX
24 TONNES OF AMERICAN MINK OIL
10 TONNES OF COW HEEL OIL
60 TONNES OF LIQUID MALT EXTRACT
30 TONNES OF POWDERED MALT EXTRACT
50 TONNES OF FLAN MIX

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Company Notices

MURRAY JAPAN GROWTH SICAV

Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
Section B No. 8.621

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY JAPAN GROWTH SICAV, will be held at its registered Office at Luxembourg, 14, rue Aldringen, on August 14th, 1987 at 15.30 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept:
   a) the management report of the directors
   b) the report of the statutory auditor.
2. To approve the statement of assets and liabilities and the statement of operations ended March 31st, 1987 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1987.
4. To elect the director to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until thet next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of August 14th, 1987, owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following bank:

—BANQUE GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen
LUXEMBOURG
—CLYDESDALE BANK LIMITED
30 Lombard Street
LONDON EC2

The Board of Directors

MURRAY PACIFIC GROWTH SICAV

Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
Section B No. 7.825

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY PACIFIC GROWTH SICAV, will be held at its registered Office at Luxembourg, 14, rue Aldringen, on August 14th, 1987 at 10.00 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept:
   a) the management report of the directors
   b) the report of the statutory auditor.
2. To approve the statement of assets and liabilities and the statement of operations ended March 31st, 1987 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1987.
4. To elect the director to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of August 14th, 1987, owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

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The Board of Directors

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Public Notices

MERGER BETWEEN MILLS & ALLEN INTERNATIONAL PLC AND LONDON & CONTINENTAL ADVERTISING HOLDINGS PLC

The Secretary of State for Trade and Industry has referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the merger between MAI plc and London & Continental Advertising Holdings plc.

The Commission are to report by 7 November 1987.

Any person or organisation wishing to give information or views on the merger or requiring a copy of the terms of reference should write as soon as possible to:—

The Secretary
Monopolies & Mergers Commission
New Court
48 Carey Street
London WC2A 2JT

Unlikely lads rush into print

Jane Rippeteau explains how low-cost equipment is opening up the world of publishing

AN UNLIKELY bunch of characters is entering the world of book publishing these days. For it is industrial companies, banks, brokerages and accounting firms — not traditional publishers — which are propelling a 60 per cent annual growth rate in the still-nascent computer-aided, or electronic, publishing business, according to B. Alex Henderson, an analyst with Prudential Bache Securities in New York.

Indeed, anyone with £15,000 to buy themselves a computer workstation, some special software and a laser printer can break into the business.

One traditional publisher warns that churning out booklets is not all there is to publishing. "If they are just supplying their own audience, that's not publishing," says Frances Pinter, managing director of Frances Pinter Publishers in London. "To sell to a wider, general audience, you have to get involved in distribution and promotion."

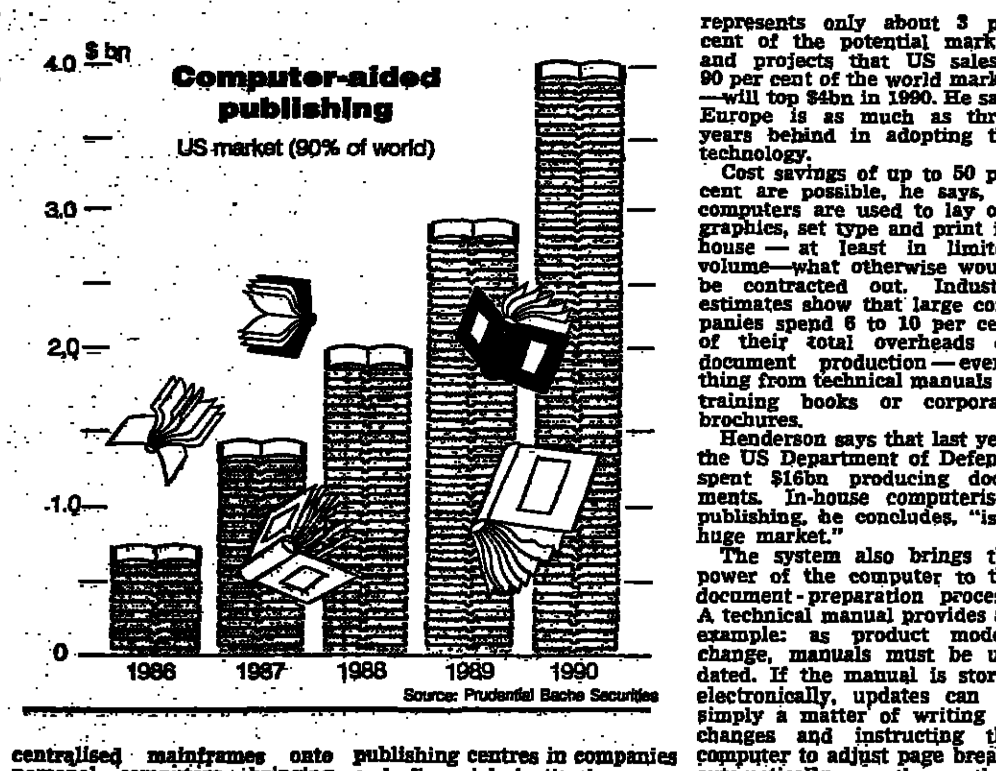
Some of the newcomers, however, are doing just that. In direct competition with traditional publishers, the large accountancy company Deloitte Haskins & Sells entered the British publishing market in February.

Anxious to incorporate the intellectual assets of its tax and accounting specialists into a whole new business in publishing, Deloitte's publications unit is producing business, financial and accounting books for sale to the general public and is marketing them through High Street booksellers.

The company's "Spring Books 1987" brochure lists *Trouble with the Taxman?*, *Director's Duties—What You Need to Know*, and *Computers and the Big Bang*. Robert McKee, who managed the programme, says Deloitte is expecting to double its sales this year to about £1m. That is about comparable to a medium-sized publishing house.

To achieve this target, the firm has had to buy in editorial expertise. And, lacking any notion of book distribution, it simply contracted this out to a group of freelance individuals specialising in the business.

Four years ago, electronic systems were moving in force into newspapers and magazines. Now, with the help of more advanced software, the same technology has graduated from centralised mainframes onto personal computers, bringing publishing to the fingertips of corporate managers.



Source: Prudential Bache Securities

Equipment configurations differ. They range from self-contained desk-top systems powered by special software to minicomputer set-ups linking multiple users to high-end mainframe-based publishing, with varying amounts of the work done in-house. Deloitte, for instance, has authors write onto discs in an IBM network, then contracts out for typesetting and printing, according to McKee.

Whatever the set-up, users say the new freedom to turn out books in-house offers major savings in time and cost, and boosts their competitive edge.

"A lot of our work is time-sensitive," says Roger Maile, newly-hired editor of publications at accountants Arthur Anderson in London. Maile says that because of the company's in-house systems and equipment, the firm was able to get 10,000 copies of a paperback book on the UK budget out to clients the morning after Nigel Lawson, Chancellor of the Exchequer, made his speech to Parliament.

Maile agrees that most of the documents emanating from new publishing centres in companies and financial institutions are for use by the company producing them. Distributed free, they include such materials as training booklets for employees and marketing tools including presentations, market analyses and securities analysts' reports given to clients.

"Most of the major UK accounting firms are increasing their publication activities as part of a marketing function," explains Maile.

"Speed is essential," says Hazel Dunn, recently hired by stockbrokers Savory Milln to oversee an expansion of the company's publishing activities. With a bank of eight Apple MacIntosh workstations, nine laser printers, a dozen software and computer specialists and use of the company's own print shop, Dunn says she can turn out publications in two days or less.

"You want your client to have absolutely the latest information," she adds.

Such sentiments have helped catapult the world market for computer-aided publishing from virtually nothing three years ago to sales worth about $880m last year, according to Henderson of Prudential Bache.

He believes that this still represents only about 3 per cent of the potential market, and projects that US sales—90 per cent of the world market—will top $4bn in 1990. He says Europe is as much as three years behind in adopting the technology.

Cost savings of up to 50 per cent are possible, he says, as computers are used to lay out graphics, set type and print in-house — at least in limited volume—what otherwise would be contracted out. Industry estimates show that large companies spend 6 to 10 per cent of their total overheads on document production — everything from technical manuals to training books or corporate brochures.

Henderson says that last year the US Department of Defense spent $16bn producing documents. In-house computerised publishing, he concludes, "is a huge market."

The system also brings the power of the computer to the document-preparation process. A technical manual provides an example: as product models change, manuals must be updated. If the manual is stored electronically, updates can be simply a matter of writing in changes and instructing the computer to adjust page breaks automatically, rather than having to reset the whole document using conventional technology.

Just how far this capability will take the newcomers into the decidedly uncomputerised environment of traditional book publishing is unclear. Even Maile of Arthur Anderson, who says most of his 30 to 40 new titles a year are distributed free as a marketing effort, notes there are exceptions.

Last year, the company sold four "very complex technical books,"—including a £50 paperback called Oil and Gas Reserve Disclosures—which were advertised for sale through a press release. "We have no present plans to publish hardback books for the general public," he says.

Not yet. But, as Frances Pinter warns, traditional publishers must not be caught napping. Pinter says that of her 80 titles published annually, she is now handling manuscripts produced by authors on discs for about 15 per cent of them.

The newcomers could take business away, she adds. "If publishers don't start getting their act together, there is a lot of information that could be sold by publishers that will be sold by other people."

Double edge to the surgeon's scalpel

RESEARCH WORKERS at the Los Alamos National Laboratory in New Mexico in the US have been granted a patent on a design of surgeon's scalpel that can make cuts in tissue and then immediately seal blood vessels at the surgeon's discretion.

The scalpel has an electrode on its upper edge, disposed so that vessel to be sealed lies between it and the scalpel tip. Using a switch, the surgeon can make a radio frequency current pass through the tissue, causing coagulation.

Although separate devices to seal blood vessels already exist, the advantage of the Los Alamos design is that the surgeon does not have to shift his attention from the site of the surgery.

US detective goes underground

INTRUDERS WILL find life more difficult following development by the US-based Raychem Corporation of a cable which can be buried round the perimeter of a site and will detect anything from an army tank to a burglar. The fact that the cable itself is the detector makes installation extremely simple and cheap.

The 5 mm diameter Vibetek cable uses special formulations of plastics which when deformed produce electrical voltages which appear at the far end of the cable. Some of these polymers, when compressed by only 0.001 per cent, generate three volts.

By incorporating a layer of the plastic in a coaxial cable, sound, vibration, impact and pressure are converted into electrical signals. Suitably processed, these can be used to sound an alarm, lock doors, warn the police or initiate almost any response electrically.

Old world view of new world robots

COMPUTER RECOGNITION Systems, which has sold 300 machine vision systems in Europe since it was formed six years ago, has set up an office in Boston in the US, where managing director Bill Aldway says he intends to repeat the success. The North American expansion is backed by Boston venture capital company Advent International.

Machine vision systems process TV data from cameras to derive positional information about the objects seen, to drive robots for example. The annual market should approach $1bn worldwide by 1990 according to market research company Frost and Sullivan.

Anglo-German missile venture

BRITISH AEROSPACE and Marconi Defence Systems in the UK together with AEG and Messerschmidt Bolkow Blohm in Germany, have jointly formed a company that will compete for European manufacture of the advanced medium range air-to-air missile (AMRAAM).

The new company, EURAAM, has headquarters at Hatfield in the UK. The missile it is developing will operate beyond visual range and could be carried by several types of Nato aircraft.

Hotline to the typesetters

TYPESETTING by telephone is offered in the UK over the Microlink electronic mail service, 24 hours a day and seven days a week.

All the user has to do is key in the text on his microcomputer and send it via Microlink's system, inserting codes that specify the type faces to be used, their sizes and measures. The text is switched electronically to Wordstream in Bournemouth which typesets the material and returns a bromide reproduction by first-class mail or special delivery.

The service offers 155 type faces from 4.5 to 72 point (around 1/16 in to 1 3/16 in) in size. Payment is by the foot length of reproduction.

Video displays get personal

COMPUTER TEXT and graphics can be combined with broadcast quality video pictures on an IBM personal computer using a single plug-in printed circuit board and software from VideoLogic, of Kings Langley, in the UK.

Designated IVA-3000, the system enables moving or still video pictures to be overlaid with graphics in commercial and industrial applications, in conjunction with a videodisc player. For example, point-of-sale customer terminals can provide pictures of products along with explanatory diagrams and text. The system also meets the needs of the video training market. It costs £1,200.

CONTACTS:

Raychem: UK office, 0793 482139. EURAMM: UK, 07072 62300. Los Alamos National Laboratory: US, (505) 667 7000. Computer Recognition Systems: UK, 0734 792922. VideoLogic: UK, 09277 60311. Microlink: UK, 061 456 6383.

Higher profile for a quick-thinking baby

BY PETER MARSH

UNEMPLOYED people in Britain, Chinese oil engineers and gamblers in California do not appear to have much in common. All, however, are likely to come into contact with a particular type of computer that processes data at high speeds.

These machines are made by Concurrent Computer Corporation, a name little known to anyone but an aficionado of the computer industry. Indeed, the company has existed in one form or another for 19 years and in that time has been responsible for 26,000 installations around the world.

The reason for the low profile is that for most of this time Concurrent traded as the data systems division of Perkin Elmer, the US scientific instruments company. About 18 months ago, Perkin Elmer decided it was time for its computer offshoot to have a more upbeat image.

Concurrent was formed as a separate company, albeit with the instruments maker owning an 82 per cent stake.

Concurrent, based in Holmdel, New Jersey, has a relatively lowly position in the world's $10bn-a-year industry in what are classified as "supermini" computers. These are ultrafast machines, which often use techniques of parallel processing, in which several streams of data are processed simultaneously rather than, as in ordinary computers, one at a time.

Rivals to Concurrent in superminis — which typically cost between $100,000 and $2m — are much better known names like IBM, Digital Equipment Corporation, Tandem, Hewlett-Packard and Data General.

Concurrent, which has annual sales of about $240m, preserves its niche in the computer industry by turning out machines for specialist jobs. One big customer is Perkin Elmer itself, which buys Concurrent computers to analyse data in products such as electron-beam machines used in the semiconductor industry.

Another user of Concurrent machines is Britain's Manpower Services Commission, the Government department that attempts to find jobs for unemployed people. The computers send job details to terminals installed in about 1,000 MSC offices around the country.

Superminis come into their own when fast processing of scientific information is required. Concurrent has sold machines worth more than £10m to China's Ministry of Petroleum, which uses them to analyse seismographic signals that could pinpoint oil deposits.

The machines have also been taken up in lotteries, where they perform a similar role to the fabled ERNIE, the computer which picks out the winners in Britain's premium bond gambling system. G-Tech, a company in Rhode Island, specialises in using Concurrent machines in lottery systems. Among its installations is a $5m system which runs California's state lottery and which can handle 575 bets each second.

● FT LAW REPORTS

Non-competition covenant gives rise to tax

KIRBY (INSPECTOR OF TAXES) v THORN EMI PLC
Court of Appeal (Lord Justice Purchas, Lord Justice Nicholls and Lord Justice Russell): July 24 1987.

A SUM received by a company in exchange for covenanting not to compete and thus not to exploit its reputation is subject to corporation tax, in that it is derived from an asset of the company, namely its goodwill.

The Court of Appeal so held when allowing an appeal by the Inland Revenue from Mr Justice Knox's decision that $575,000 consideration received by Thorn EMI plc from the purchaser of three trading companies in its group in return for a non-competition covenant was not subject to corporation tax.

LORD JUSTICE NICHOLLS said that three companies carried on the trade of repairing and rewinding electrical motors and generators. They were members of the Thorn group. Thorn, the ultimate holding company in the group never carried on those trades. The companies were not direct subsidiaries of Thorn. They were wholly owned by Metal Industries (MI).

By an agreement dated December 9 1977 between MI, Thorn and a New York corporation called General Electric Company (GE), Thorn agreed to procure the sale, MI agreed to sell, and GE agreed to buy, all the shares in the three companies "together with the benefit of the covenant."

In consideration of a payment of $575,000, Thorn covenanted with GE that until the end of 1982 Thorn and its subsidiaries would not engage in the business of repairing and rewinding motors and generators of a type repaired and rewound by the three companies. The remainder of the consideration was paid to MI.

The Revenue argued that by the covenant Thorn conferred rights on GE and the asset thus created by Thorn must have been disposed of by Thorn to GE. It said there was a disposal of an asset by Thorn to GE even if that asset had no existence prior to the execution of the covenant.

The Special Commissioners and Mr Justice Knox did not accept that submission.

Tax was charged on capital gains defined in section 19 of the Finance Act 1965 as "chargeable gains . . . accruing to a person on the disposal of assets."

Section 22 provided that "(1) All forms of property shall be assets . . . including . . . (c) any form of property created by the person disposing of it . . ."

Section 22(3) provided ". . . there is a disposal of assets by their owner where any capital sum is derived from assets notwithstanding that no asset is acquired by the person paying the capital sum . . ."

The basic structure of the Act was of a charge on gains accruing to a person on disposal of an asset by him. There was no statutory definition of disposal, but having regard to the context, what was envisaged was a transfer of an asset.

The Act presupposed that immediately prior to the disposal there was an asset and that the disponor owned it.

The Revenue's first argument, that there was a disposal even if prior to disposal the asset did not exist, was not accepted.

Its second argument was not advanced before Mr Justice Knox. It was to the effect that if there needed to be a pre-existing asset for the tax to apply, then there was such an asset, namely Thorn's goodwill.

By the covenant, it said, Thorn made a part disposal of, or derived a capital sum from, that asset, and hence there was a disposal under section 22(3).

Thorn accepted that goodwill was an asset, but it submitted that it had no goodwill of which it could dispose by the covenant, because it did not carry on the trades in question. It accepted that the covenant curtailed its liberty to compete, but said that it did not dispose of an asset because liberty to trade was not "property."

Liberty to trade was not a form of property within the meaning of section 22. It meant that which was capable of being owned in the normal legal sense, and did not bear the extended meaning that would be needed if it were to include a person's freedom to trade.

Therefore, if Thorn had no goodwill in respect of the trades in question, and its non-competition covenant impinged only on freedom to trade, the giving of the covenant would not constitute the disposal of an asset.

One of the recognised elements of goodwill was reputation. It was not something possessed by everyone. It had a value, even though its nature was not assignable. It could be protected by an action for passing off. It was discernibly distinct from a mere liberty to trade.

Although Thorn was primarily a holding company, and had never carried on the trades of repairing and rewinding electrical motors and generators, those facts alone did not establish that only the three trading companies had any relevant goodwill and that Thorn had none.

On the contrary, from the agreed facts one possible inference was that the three companies would have been known as part of the Thorn group.

Thorn's submission that it had no relevant asset at the time it entered into the covenant was not accepted.

The asset consisted not of the entirety of Thorn's goodwill, but of its goodwill in respect of the relevant trades.

The covenant did not constitute a part disposal of that asset. By the covenant Thorn did not assign the goodwill. Its reputation remained where it was.

What happened was that Thorn received a capital sum in exchange for agreeing not to exploit that goodwill. It turned its asset to account in a particular way—by accepting a substantial sum in return for agreeing not to use it for a period to the disadvantage of GE.

That fell four-square within the opening words of section 22 (3). The appeal was allowed.

Thorn should have the opportunity to adduce evidence and argument as to what sums, if any, were deductible from the $575,000 in computation of the gain. Also, it should have an opportunity to adduce evidence and arguments as to whether, at the time of executing the covenant, it had any reputation in respect of the trades in question.

The matter was remitted to the Special Commissioners for reconsideration.

Lord Justice Purchas and Lord Justice Russell concurred.

For Thorn: Peter Whiteman (Rowe & Maw)

For the Revenue: Edward Nugee QC and Christopher McCall QC (Inland Revenue solicitor)

CORRECTION

In *E. I. Du Pont de Nemours v Agnew, FT July 24*, parties were represented as follows:

For the assured: Christopher Clarke QC and Bruce Speller (McKenna & Co)

For the defendant insurers, apart from the 12th: Jonathan Mance QC and Jeremy Cooke (Barlow Lyde & Gilbert)

For the 12th defendant: Christopher C. Russell (Stephenson Harwood)

By Rachel Davies
Barrister

Television/Brian Wenham

Turning a political blind eye to the camera

Margaret Thatcher gave a sharp end-of-term jolt to hopes of televising the proceedings of the Commons one day when this week she demonstrated an instinctive hostility to the camera in her interview for BBC's *One O'Clock News*. The vote, when it comes, will be *technically free, but with this* latest Prime Ministerial assertion we must now assume that the project shifts from the "probable" column to the "not so likely."

This uneasiness between the politician as master of the word and television as high priest of the camera is nothing new. I recall visiting Sir Keith Joseph in opposition days in his Wilfred Street Centre for Policy Studies. *I had in mind some* finely-tuned and exquisitely-balanced thoughtful project. "You television people don't deal with serious things," he greeted, swivelling away to look out of the window. My project stopped short of the first stage of articulation. To this day, Sir Keith tells me he possesses no TV set. He takes his broadcast pleasure from the world of radio, perhaps the more pleasurable in being free for all in the non-TV-set minority.

In recent years the tension between print and picture has taken on something of an ideological tinge. *Noticing* that when he is interviewed a small crowd of technicians gathers, noticing that he is in the presence of editors, directors and producers, muttering off-stage, prodding this way and that, a 1980's politician of anxious disposition will now tend to endorse the following polarity:

- Print=Individualistic=Good
- Picture=Collectivist=Bad

In the less hysterical form, the anxiety is eased simply by knowing precisely who is calling the shots, and being happier the more speedily any given individual can be identified; in its extreme telly-bashing form it assumes that television broadcasters are direct descendants from great collectivist traditions of earlier *parts of this century, stopping* just short of being revolutionary, but in all likelihood subversive, unpatriotic and "socialist." Mr Tebbit's over-the-top onslaught on the BBC Libyan news coverage parades such assumptions *on its sleeve*.

In its crudest sense the forced polarity is clearly nonsense. Spend a day or two with the output of most of the more brazen newspapers, and you must conclude that what you read is highly-collectivised and processed, editorially bent in the service of some particular, and usually narrow socio-political cause. Even some of the more demanding papers find it hard to keep their pages open to dissident opinion, and prefer to be "all-of-a-piece."

By contrast, the inescapable truth with television reporting of any complexity is that it is necessarily the work of many squabbling hands. To take examples from my own scrap-book, some of the best *Panorama* reports I can recall owe their distinction to the work of cameramen such as Butch Calderwood or Erik Durschmied; others drew a *different strength from the film-*editing work of stalwarts such as the late Ian Calloway.

'The tension between print and picture has taken on something of an ideological tinge . . . television broadcasters are assumed to be direct descendants from great collectivist traditions earlier this century, just short of being revolutionary, in all likelihood subversive, unpatriotic and "socialist" '

The film-editing and the camerawork proceed of course under some general guidance of reporter and/or producer, but in the nature of the business the guidance cannot become dictatorial. And for as long as television journalists are encouraged to use the camera—which is after all their one chief advantage over print—as a creative tool for investigation and inquiry, the eventual *work produced will retain an* individual and un-patterned quality.

There is what we might call a "downside" risk. The more imaginative the team of inquirers the more wayward some of the work may appear, quirky even. Accusations of unreliability may follow. Pressure for uniformity and standardisation arise. In one important *sense such pressures have* already chalked up a crucial victory, almost unnoticed, over the past two decades. During that time we have seen a backstage tussle for supremacy between the guiding hand of the director/producer and the voice and presence of the named and known reporter.

In the traditional world of weekly current affairs, the producer/director won hands down. Twenty years ago you would have been able to name most of the reporting teams of *Panorama* or *This Week*. Few of today's crop are household words. None is a household god.

There were, of course, other forces leading in the same *direction. Budgetary constraints* often meant that the rather off-beat foreign trips that used to tease out the best from a Mossman or a Charlton fell off the end of the list of priorities. Even the move from black-and-white to colour took its toll. A Charlton phrase such as "women like water colours drift across the paddy fields" has less bite once colour television itself arrives. With colour, writing *becomes laconic, spare, less* adjectival, and less personal.

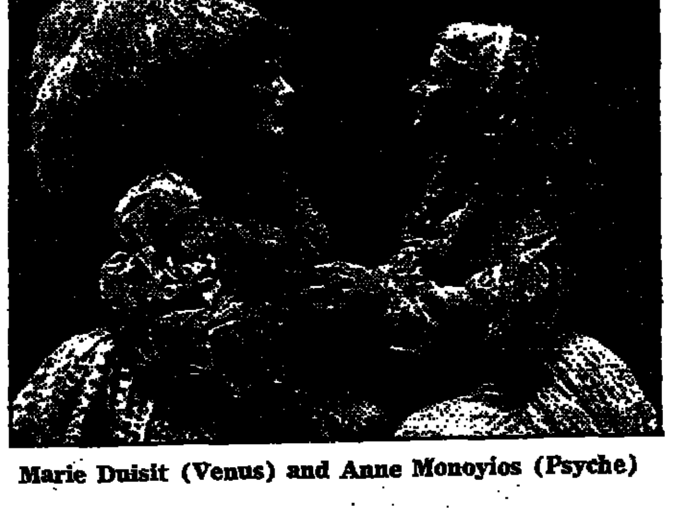
Even so, there was nothing in these developments *per se* that necessarily meant that there would be no Eighties television place for Michael Charlton, that he would transfer his considerable, if prickly, talents to radio, most recently displayed to good effect in his Falklands study, *The Little Platoon*. Quite simply, he was on the losing end of a *broader argument*.

Paradoxically this flattening-out of the personalised high ground of television journalism has not led to any greater trust in the medium by those whose affairs it needs to report. Suspicion remains that the tricks of this trade are indeed *tricks*.

Fine and individual television work still occurs by the hour, mainly in the context of news. The tone of what Martin Bell or Brian Hanrahan has to say usually *cuts right through* the viewer, even if the piece is required to be short. In more rounded form the worlds of documentary and even travelogue continue to demonstrate something of the camera's special potential. Brian Thompson's Deccan in the *Great Railway* series, and William Shawcross's Mekong in the *Great River* series, were both deceptively rigorous and hugely revealing, each worth in its way more that a week's studio-based punditry so frequently on display elsewhere.

Here perhaps, in the reassertion of the role of the stylish reporter, lies the clue to recapturing the promise the camera held out, and at the same time convincing doubters in all political classes that the camera is every bit as legitimate a tool for appreciation and assessment as is the microphone or the pen.

Brian Wenham, managing director of BBC Radio, is writing this column while Christopher Dunkley is on holiday.



Marie Duisit (Venus) and Anne Monoyios (Psyche)

Lully and Mozart at Aix

Max Loppert

The production of Lully's *Psyché* (1678) which the Aix-en-Provence Festival this year mounted (in company with the theatres of Tourcoing, Marseilles, and Montpellier) to mark the Lully tricentenary was probably the single most eagerly awaited event on the three-week festival schedule. *After the brilliant success that* Les Arts Florissants had enjoyed (in Florence and Paris) with *Atys* earlier in the year, the widely-held notion of Lully operas as Historically Important, formal, ceremonial, and frigid took a beating. Likewise the idea that they are unrevivable in our day: when dance, song, and stage properties are all attended to with high collaborative skill and precise *purpose, as they were in Atys*, Lully's sense of theatre can still exert a tight grasp.

Aix, alas, joined no such process of positive Lully re-evaluation. Its *Psyché*, mildly diverting for 10 minutes and mountainously tedious for three hours, reaffirmed only that high skills are indeed crucially needed: without expert singing, dancing, and instrumental execution no amount of fancy staging will save the day. The disappointment was the more bitter because *Psyché*, examined in libretto and score, promised to be a Lully work of particular interest musically, theatrically, psychologically, and for its curious set of background circumstances.

There are two *Psychés*. In 1671 Louis XIV had commanded, in haste, a spectacular entertainment for the re-opening of the Salle des Machines at the Tuileries; Lully, Molière, Corneille and Quinault (Lully's longstanding librettist) worked together to provide it. Seven years later *Molière was dead, Quinault in* disgrace, and Lully all-powerful. Needing a new subject and deprived of Quinault, the composer returned to the 1671 success with the help of Thomas Corneille, the great, aged Pierre's younger brother; the multi-media *Psyché* was turned into a through-composed *tragédie-ballet*, and, to that end, the excellence of the spoken verses was watered down into something much plainer for the purposes of sung recitative and aria.

But in the intervening period Lully's mastery of the new French operatic form had *grown powerfully sure; the bal*ance in the revised *Psyché* between plot, grand style, and the ingenuity of spectacle for which the work had originally been created is remarkable (the closing divertissement is the most intricate ever devised for a Lully opera).

In Jean-Claude Penchenat's frivolous production, the architecture went out of the window, along with almost everything *else formally interesting about Psyché*. The emphasis was on historical frisson, on a line of gossip-across-the-centuries that permitted the audience to feel itself on nudge-and-wink terms with the carry-one of Louis's court.

The interruption of dramatic design was constant—if all the operas produced for the Roi Soleil had been subject to such Offenbachian flurries and tantrums, the form could never have been created at all. It was, admittedly, a way of doing *Psyché* without spectacular machinery (for which there is no provision in the Aix festival theatre); but it was a shallow way, and it reduced *Psyché* to whimsy.

Needless to say, with more accomplished dancing and singing, and with a firmer, less rhythmically unstable orchestral performance than that directed by Jean-Claude Malgoire, the dominant weakness might at least have been partially redressed. Ann Monoyios in the title role, Howard Crook as Cupid and Vulcan, and the veteran bass Roger Soyer (woolly-toned but still distinguished of manner) were the main exceptions to the general rule of vocal dimness, and even they lacked sharp profile. (Oh for the verbal acuity and musical rigour of the Arts Florissants *Atys!*).

*

Where most things in *Psyché* came out silly and simple-minded, the 1987 Aix treatment of that notoriously intractable opera *Die Entführung* was complementarily remarkable for its sophistication, cultivated wit, and theatrical elegance. Georges Lavaudant (*of the* Grenoble Maison de la Culture) had extracted and entwined themes of 18th century Enlightenment, in matters of education, attitude and behaviour (in all of which the hero, Belmonte, proves notably deficient). The stage style was unfussy, dependent on skill and subtlety of movement, on polished *shafts of erudite reference*; the opera was made to seem un*usually substantial* and well-made as well as comically vital and musically overflowing.

One laughed a lot (the game of chess diverting Selim's attention from Constanze during the "Martern aller arten" introduction was an impertinent delight). But one also thought hard—about the layers of relationship and social class, about the beauty of the opera's harmonizing, reconciling message. The production flowed with the music, illuminated it; there were no self-advertising clevernesses to distract the attention. This is an *Entführung* I would happily see again.

Musically, the glory of the evening was the unhurried Mozartian glow that Armin Jordan drew from the Opéra de Lyon Orchestra. Mariella Devia, an Italian soprano of some accomplishment, was an unexpected but largely successful choice for Constanze; Tracy Dahl's Blonde and Ruben Broitman's Pedrillo were excellently fresh, Hans Peter Blochwitz's Belmonte well-schooled but a *touch* tired of voice. Gunther von Kannen's Osmin was no jolly rogue but a rather formidable figure, at once hilarious and menacing. By Charles Schmitt, elegantly agonized in rich satin, one was *reminded* what a splendid part Pasha Selim's can be.

Light up the Sky/Globe

Michael Coveney

Moss Hart's 1948 comedy of theatre was given its British première at the Old Vic two years ago, directed by Keith Hack. That production survives in some respects at the Globe: we still have Michael Levine's luxuriant cream suite in the Ritz-Carlton Hotel, Boston, where the leading lady's court assembles on the opening night of a new play ominously set in the ruins of Radio City after the bombs have fallen; the show is still superbly costumed by Sally Gardner; and the cast still con*tains Kate O'Mara as a dumb* ice-skater, tottering around like a prize poodle in pink, piled-up coiffure, whose husband has put up the money. Maxine Audley as the battle-axe mother of the star, Christopher Guinee as a stage-struck businessman who wants to be part of the action, and Jack Elliott, clean-limbed and innocent as the playwright who swallows his integrity the minute the reviews proclaim his tendentious nonsense to be a theatrical breakthrough.

The play is compulsive because it opens up a private world of neurosis, vanity and back-stabbing in a text of sparkling one-liners ("If you want to get even with a producer, *you get him* to put on an Ibsen revival") and smooth construction. It also pinpoints the fragile loyalties and crude emotional subterfuge that are all part of the play-producing process, no different in today's West End or RSC.

Above all, it reeks of back-stage atmosphere while satirising the protagonists. Moss Hart always denied that he had modelled the temperamental Irene Livingstone on Gertrude Lawrence, or the ebullient pig-ignorant producer on Billy Rose, but in its day this was a notorious comedy à clef. Now the monsters are no longer sacred. Gwen Taylor is riotously bitchy as Irene, cutting out her own guests with *a diagonal glide downstage or* slamming into them with cruel threats to withdraw her favours or terminate theirs. At the Old Vic, Robert Morse was the producer; now, Art Metrano of the *Police Academy* films gets the Equity nod as the producer Stanly Black and plays him like a ferociously rollicking amalgam of Bob Hoskins and Ernest Borgnine.

The appealing silliness of theatre is embodied in the tearful, demonstrative director Carleton Fitzgerald, whose Keith Baxter renders both stupid and funny, whether embracing his colleagues in *ostentatious bear hugs at this* "magic time" of self-congratulatory pleasure in a piece not yet divulged to audience or critics; or draping Irene in a necklace Duse once wore on a first night ("How long did the play run?" barks the unimpressed Miss Audley.)

I still treasure and prefer, though, Robert Stephens' occupation of this role, brief though it was. He gave Carleton a spurious tragic dimension, throbbing with passion and sodden with tears.

The new director, Elijah Moshinsky, has marshalled his resources quite well but entirely missed the cumulative rhythms of the second act. He has also violated the conventions of the piece by placing the Masonic hotel revellers in the auditorium — overcooking the philistine gags about the new play being (big insult) "an allegory" — before the third act curtain rises slowly on a stage bathed in livid green light and drenched in the slow movement of Beethoven's Seventh Symphony.

Hart's fun at new drama's expense it best confined to the lines, as in Miss O'Mara's pained response to the suggestion she might have some use for the scenery after the show closes: her mind cannot quite wrap itself around a civil function for a wind machine, let alone a scenic likeness of Mount Rushmore.

Alastair Muir

Maxine Audley and Kate O'Mara

Alastair Muir

Lorraine Cote

The Dragon's Trilogy/ICA

Martin Hoyle

Having been misinformed, with some of my colleagues, as to the starting time, I missed the beginning of *The Dragon's Trilogy* and tender my apologies to the Theatre Repere (*sic*, unaccented, in the programme) who are, under the auspices of LIFT, rash enough to be visiting the ICA until August 2.

The ensemble is French Canadian. The three hours traffic of its stage purports to illustrate various cultural strands that make up the social fabric of Canada. No melting pot, the country proudly points out the discreteness and self-containment of its ethnic communities. In fact, this company's approach is permeated with that stubborn provin*cialism that has proved so* counter-productive in the social and economic life of Quebec over the past couple of decades. Far from illuminating the threads that draw cultures together, this collectively written piece emerges as a curiously Third World specimen of parochialism at its proudest and pettiest.

The action ranges from Quebec in 1932 to wartime Toronto and 1985 Vancouver; it may depict a Chinese gambling den and drag in an Englishman for comic effect, but it convinces only with its franco-phone characters. (Significantly the adoptive fruit of a Sino-Quebecois family is mentally defective, stranded between two cultures, and last seen harrowingly abused by a brutal hospital orderly.)

The orientals are exotic, alien, however respectfully their culture is treated. The Brit (one Crawford—a Scot?) is portrayed in the crude and uncomprehending colours one associates with 19th century Japanese depictions of western devils; and is satisfyingly killed off, for being a success, in a plane-crash and some uneasy black comedy—the captain blandly describes the disaster to the passengers: "We are falling at an indeterminable speed . . ."

The work manages to take in phallic rituals in rural Japan, yin and yang, the American influence on the east. Robert Lepage's production is aptly *eclectic. It uses dream-like* stylisation for opium-smoking and gambling; and for the fantasy when laughing Chinese girls in stocking-masks emerge from a dreamland junk to pass through the night as sleeping forms toss and turn restlessly on the ground.

The play, in French, English and a little Chinese, is beautifully performed in a sandpit with minimal props. This forms a less appropriate background for the naturalistic passages, though they are finely acted, notably by Robert Bellefeuille and Marie Brassard as young artists shyly drawn to each other in modern Bohemia, and by Marie Gignac, joining the forces in 1940 with a bright, sturdy sweetness that faintly recalls our own Anna Calder-Marshall.

Here the sense of period is particularly shaky, with anachronistic music ("Love is a Many-splendoured Thing") and a foul-mouthed, cigarette-puffing geisha demanding that her Yankee boyfriend take her to America, as if two decades had been superimposed—or three, since Crawford appears to introduce a chance acquaintance on a train to the pleasures of smoking dope. *Very* 1940. *Very* Scottish-Canadian.

At its best the production conjures haunting effects with music, lighting and movement, much of which will seem familiar to habitués of the ICA: but the spectacle remains neither flesh, fish nor fowl, though possibly good misleading *red herring. In its jerky* and discursive chronicle of two Quebecois cousins over the years, it might qualify as the first performance art soap opera.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 24-30

Theatre

WASHINGTON

The Immigrant: A Hamilton County Album (Arena): An immigrant in Texas at the turn of the century conveys the warmth and quirkiness of autobiography in Mark Harelik's play based on his grandfather's experiences. Ends Aug 16. (488 3300).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Macbeth (Barbican): Jonathan Pryce is a wolfish, blood-curdling Macbeth in Adrian Noble's exciting production for the RSC. It plays in repertoire with Jeremy Irons' inconclusively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's Barbican Pit is Janet McTeer leading a fine ensemble in Worlds Apart by Cuban playwright Jose Triana.

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Syrensong/Albert Hall

Max Loppert

Simon Holt's first commissioned work for the Proms, Syrensong, is also his first composition for large orchestra. It was played on Monday night by the BBC Symphony under Richard Buckley and proved to be a total success.

Not a surprising one, since *those who have followed Holt's* progress are already fully persuaded that he is one of the most gifted young composers to have emerged in this country for a very long time; but a gratifying one all the same. Holt's imaginative "ear" and his command of colour and line are of extraordinary sensitivity. But, as this notable addition to the orchestral repertory of marine music bore out, his pieces are more than just a collection of fine-spun sounds.

The title of *Syrensong* (the composer is conspicuously costive with his programme notes) refers to the song of the fatal sea-nymphs. The sea in which they here swim is one in which sudden swells and turbulence whip up without warning, in clean-cut lines and *expertly balanced* textures which carry a sting and a bite. The "song" itself, which floats across at mid-point from a solo trumpet placed behind the orchestra, is no romantically floated *seduction* call but a shining cry of cutting force, pinned to the note E, and curlicued forward around it. Altogether, the writing for *brass shows a deftness* of resource.

Holt's way of keeping the music moving seems to be to unfurl it in little repetitions, eddies and waves that grow larger or die away according to the dramatic moment; but beneath the invention of radiant, confidently sustained linear activity lies a rich store of late-Romantic harmony—one feels this both referentially (the *world of the big 19th century* sea pieces is not far away) and as a source of musical dynamism.

It was well but not brilliantly played under Mr Buckley, an American conductor making here his Prom debut—I hope he (and we) have the chance to tackle it again soon. The rest of the concert, which closed with Sibelius's Second Symphony, contained a rather under-rehearsed account of Barber's brash (but sometimes very effective) suite from his *Medea* ballet.

Images of London on show at the Barbican

An exhibition called *The Image of London: Views by Travellers and Emigres 1550-1920 will* be held at the Barbican Art Gallery from August 6 to October 18.

IN GERMANY THEY CALL IT "SCHICK".

WITH THEIR USUAL DISREGARD FOR ROMANCE, THE AUDI ENGINEERS PREFER: "EINE UMFASSENDE NEUAUSWERTUNG DER AERODYNAMISCHEN WERTE."

THE REAR of the new Audi 90 looked as though it wouldn't be out of place on a race circuit.

"VERY FASHIONABLE, very chic," we ventured.

THE FACES in the room dropped in unison. Audi's aerodynamics expert, Dr Burkhardt Leie, broke the stony silence in the politest possible way.

"IT'S NOT fashion, it's not chic. It's a major reevaluation of aerodynamic values."

TRY TELLING that to the driver turning heads on Munich's Maximilianstrasse, we thought.

DR LEIE continued: *"Nothing on the Audi 90 is there for show. The spoiler, for example, increases the down force of air on the rear of the car, giving it greater stability at speed.*

"AS AIR flows across the rear section it meets the spoiler. The natural shape of the spoiler causes the air to rise. But what goes up automatically comes down on the other side. This increased down force reduces the incidence of lift and improves stability.

"THERE IS also an effect on the 90's Cd factor of some 2%."

"AH, COEFFICIENT of drag," we said.

"YES. WITH the 90 we wanted to obtain a Cd factor of 0.31. To you the car may look fast, but to us it is merely the result of minimization of air resistance.

"YOU MUST remember, that the Audi 90 is a powerful car. A very powerful car," Dr Leie continued.

"TOP SPEED 128 mph on your autobahns," we chimed in.

"EXACTLY. THE 2.2 litre version can develop 100kw/136bhp. Such power would be wasted without the correct optimization of the basic body all the way through to blower stream velocity testing. By lowering the resistance, we reduce fuel consumption at speed. In addition, our work enables us to improve the car's flow-noise and handling characteristics."

BLOWER STREAM velocity? Dr Leie's enthusiasm was in danger of reaching gale force. We attempted to slow him down.

"SO, HOW do you optimize the car's shape?"

"QUITE SIMPLE. We develop the basic shape of the body in a wind tunnel with a model scale of 1:4."

"AND THEN?"

"ONCE THE shape is right, there are obviously requirements in terms of styling, comfort and legal regulations that must be incorporated. These, naturally, produce a deterioration in the drag coefficient."

"NATURALLY," WE replied without total conviction.

"OUR TASK was to take these restrictions and devise a way to reach our target of 0.31.

"THE OPTIONS included the aerodynamically-beneficial design of certain exterior components."

"FOR EXAMPLE?"

"THE CAREFUL improvement of the external mirrors, cooling air-feed system and soundproof panelling beneath the engine and gearbox."

"HOW LONG did you spend in the wind tunnel?"

"2,500 HOURS, overall. We tested production line vehicles with full engines, closed front panels, road going wheels and grilles in the Wolfsburg wind tunnel. We took measurements at wind speeds of 120, 140 and 160km/h."

NEVER MIND wind speed, Dr Leie was in full flow.

"THEN WE conducted an additional study in Europe's largest wind tunnel located in Holland. We tested for the effect of open side windows on the Cd value and so on."

"MUCH OF a difference?" we asked, bracing ourselves for the inevitable.

"WITH THE front window open, 0.0008% of a km/h."

OUR MINDS started the mental arithmetic. 0.0008% was precious little to sacrifice in a car capable of 200km/h.

AND YOU could see where Dr Leie's handiwork had contributed. The side windows were flush with the body skin. The door handles were flush mounted for an uninterrupted body shape.

THE FRONT and rear aprons were gleaming one-piece designs. The bonnet sloped gently. And, of course, there was the rounded shape with <u>that</u> spoiler.

WE THANKED Dr Leie and made our way to the exit.

TURNING FOR one last look at the car, we caught sight of the Audi 90's wider wheels.

"IMPRESSIVE WHEELS, mind you, very racy," someone said.

THERE WAS a certain consternation amongst our German hosts. Dr Jorg Bensinger, Audi's chassis and suspension expert, stepped forward wearing an air of indignation.

WHAT, WE wondered, was the German for 'déjà vu'?

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Wednesday July 29 1987

A sustainable recovery

IN PRESENTING its latest survey of industrial trends, the CBI has gone out of its way to allay fears that the British economy is in the middle of an unsustainable credit-driven boom. It asserts bluntly that there is no evidence of significant overheating, claims that strong competitive pressures are restraining inflation and believes that a surge of capital investment will ensure that bottlenecks do not prevent UK companies from meeting rising home and export demand. Business confidence has risen strongly, it says, and output is now set to grow at a steadier and more sustainable rate than earlier in the year. In other words, all the economic dials are set fair and the Government should resist the temptation to tighten policy.

Manufacturers are understandably anxious to ensure that financial market jitters do not put paid to their hopes of expansion. The heady optimism about 4-5 per cent output growth tends to obscure the fact that many manufacturing sectors have yet to regain their production levels of the late 1970s. The relative buoyancy of demand raises the prospect not that manufacturing industry may create net employment opportunities, but merely that it may be able to reduce the rate of job losses from 2,000 a month to 1,000. Thus, while credit-watchers in the City worry about unsustainable booms, many businessmen are likely to take the view that Britain's industrial renaissance is very much in its infancy.

Capital availability

Although the CBI is almost certainly correct to play down fears of overheating, the UK's still quite modest recovery from the 1980-81 slump is not without its strains. In the first place, the labour market is functioning poorly. When around 3m people are still unemployed, it is rather remarkable that almost one company in five is experiencing shortages of skilled labour. The proportion of companies citing skill shortages has risen by 50 per cent since April. The problem is a reflection of industry's long-standing neglect of training, and the failure, so far, of the public sector's various initiatives to remedy matters.

The second, and possibly more severe, worry concerns the availability of capital. The CBI survey is only partially reassuring on this issue. The percentage of companies citing plant capacity as a constraint on output has fallen slightly since April and capacity shortages are said to be still a much less important constraint than lack of demand. All the same, capacity utilisation is very high by historical standards and the volume of private sector investment has been subdued. Last year, private non-residential investment fell by 2 per cent in real terms; manufacturing investment fell by almost 5 per cent and is still way below its peak levels of the late 1970s. Gross fixed capital investment, at about 17½ per cent of GDP, is lower as a proportion of output than in any other EC country except Belgium.

Worth paying

The timing of investment in recent years has been strongly affected by the tax changes in the 1984 Budget. The CBI may thus be right to argue that the recent weakness has been no more than a pause. It points out that the balance of companies intending to increase their investment is at its highest, with the exception of April 1984 (when tax considerations were paramount), for a decade; morevoer, 29 per cent of the companies planning to invest more say they intend to expand capacity rather than replace plant or improve efficiency. The Clark shoe company's recent decision to build another factory and double its present capacity may not, therefore, be entirely atypical of trends in UK manufacturing.

A surge in industrial investment could result in a short-run deterioration in the balance of payments as much capital equipment would need to be imported. But this would be a price well worth paying. The UK is likely to be able to sustain its present relatively high growth rate only if it strikes the right balance between current consumption and capital formation. Public policy has a role to play here: if the Government wants to foster a climate conducive to investment, it needs to keep interest rates as low as possible and the exchange rate competitive. This will be consistent with low inflation only if fiscal policy is relatively tight.

A strategy for electricity

A STIFF new breeze of competition could invigorate Britain's electricity supply industry and benefit its customers. But the Government risks botching its largest and most difficult privatisation if it rushes the project for near-sighted political reasons.

Electricity is so important to the country's long-term prosperity that ministers must resist pressures to adopt the easy solutions, just to complete the sale in one parliament and to keep up the momentum of asset sales.

Transfer of ownership of this £36bn industry to the private sector would not by itself do much to improve performance, and might even make it worse. The key to success will be a new structure which must achieve a subtle balance between the need to promote competition and the operating economics available to larger systems.

Reform of the structure of the electricity industry is now long overdue, as successive governments have recognised. The 12 area boards, which sell electricity to consumers, have little or no influence over the cost of power. The Central Electricity Generating Board, which has a monopoly over generating in England and Wales, is far too insulated from the consumers.

Potential gain

However, the CEGB is, by common consent, technically expert and a fairly efficient operator. Better performance in future will depend on the industry's ability to buy cheaper coal, to improve its planning of new plant, to reduce construction costs and to reverse its dismal record for delays in commissioning nuclear stations.

Examples from the oil and other large industries suggest that the private sector might do very much better in managing such large projects. A more competitive environment might also stimulate smaller, innovative methods of power generation, with a much sharper focus on the trade-off between capital and running costs.

Since the industry is now at the start of a major cycle of capital investment, requiring perhaps £8bn to £10bn to be spent on new power stations by the end of the century, the potential gain from improved project management and better allocation of resources is large.

However, the Government must not fudge the uncomfortable fact that electricity industry's most important input, representing about 40 per cent of total costs, is over-priced British coal. Attempts to promote a more entrepreneurial spirit in the electricity industry would hardly succeed if generating companies were forced to depend for most of their supplies on a highly protected, inefficient monopoly with a notorious industrial relations record.

Inglorious precedents

Indeed a stronger case can be made for breaking up British Coal and selling off its assets than for privatising its main customer, since unlike electricity, the coal industry includes no element of natural monopoly. The Government will argue that British Coal needs time to consolidate the improvements which followed the 1984-85 miners' strike. Nevertheless, specific plans to liberalise the coal industry, moves to open the UK market to foreign competition, and abolition of restrictions on private coal mining must be a minimum concomitant of any credible strategy to return electricity to the private sector.

At the same time, the Government must decide how to allocate responsibility for Britain's nuclear power stations, particularly if the CEGB were broken up into three or four competing power generation companies. Many other complex issues remain to be settled, including ownership of the national grid, the framing of rules to protect domestic customers and regulations to determine how competing power companies should be allocated capacity on the grid.

Then there are the broader issues of whether to leave the CEGB intact, whether to create 12 separate private distribution companies, consolidate them into four or five regional groups, or even as one monolithic distributor. Political pressure to keep the privatisation bandwagon moving may tempt ministers to follow the inglorious precedents of British Telecom and British Gas for privatising monopolies whole. The recent outbreak of complaints about the quality of British Telecom's service is a warning to the Government that customer dissatisfaction could give privatisation a bad name.

Nick Garnett looks at the response of lift truck makers to traumatic changes in the industry

When retreat is the only way forward

THE critics of smokestack America used to get short shrift when they visited the management at Clark Equipment, the Indiana-based construction machinery and auto-components maker.

Even in the rather tired business of lift truck manufacturing, Clark was in a confident mood. It scoffed at companies which reacted to recession by shifting a large proportion of production outside the US.

In the past couple of years Clark has had to reconsider. The world's second largest lift truck maker, after Balkancar of Bulgaria (which sells mainly within Comecon), Clark last year decided that the only way it could remain in the forefront was to source all its internal combustion engined forklifts from Samsung in South Korea. Its Battle Creek plant, in Michigan, has been closed and it plans to shut down its Georgetown facility in Kentucky later this year, leaving it with only one plant in the US, making electric forklifts.

The Samsung deal marks another step in the retreat of US lift truck manufacturers from their domestic manufacturing base. Within the past two years, at least 10 US manufacturers have either abandoned all production in the US in favour of outsourcing; or shut down a large proportion of domestic capacity; or fled the business altogether.

US manufacturers complain that Japanese penetration of the domestic market—Japanese imports represent 50 per cent of the US market for internal combustion engined lift trucks—is the major cause of their difficulties. However, the US companies' failure to adapt costly designs and to reduce production costs has left them in a poor position to compete.

In Europe, on the other hand, the threat from Japan has been much less pronounced. The Japanese control less than a quarter of the European market and European manufacturers have, on the whole, coped better with the industry's convulsions. Rather than outsourcing on a massive scale and shutting down large amounts of capacity, they have responded by reshuffling the industry's ownership. As a result, a large part of Europe's production base—particularly in West Germany, Sweden, Italy, and to some extent in the UK—has remained intact.

Companies in both the US and Europe were clearly shocked by the dramatic shrinkage in the market for this once ubiqitous machine for handling material in factories and warehouses. From a market of 800,000 units in the late 1970s, annual sales plunged to less than half that before recovering last year to around 450,000. Coupled with the general decline in heavy manufacturing, the recession in the industry was caused by a gradual change to more sophisticated and specialised vehicles as the concept of "just-in-time" supply deliveries led to smaller inventories.

Meanwhile, Japanese companies targeted the US market with a vengeance. They took on the North American market with standard low-cost counterbalance trucks — what the man in the street recognises as forklifts—using non-specialist parts like car axles.

Toyota, the biggest Japanese produced, and Nissan, the biggest exporter to the US, shared out the market in an organised way. Toyota based operations in California to reach the western part of the US, while Nissan set up in Kentucky to do the same in the east. This drive reduced prices to such an extent that they are still below the level of five years ago.

In the US, retreat has been the chief response, particularly among manufacturers of the standard counterbalance truck, weighing between 2,000 lbs and 15,000 lbs.

From the end of this year, Caterpillar of the US will no longer be manufacturing forklifts domestically. Daewoo in South Korea has been suppyling lift trucks to Caterpillar for the past two years, in a deal linked with the closure of the company's facility at Metro, Ohio. From 1988, Caterpillar will obtain all its products from Korea, Norway, Mexico and the UK.

US manufacturers' failure to adapt designs and cut costs has left them in a poor position to compete

Allis Chalmers, another large US producer, got out of the business at the end of last year, selling its operations to AC Materials Handling, which now largely performs add-on work to Komatsu trucks brought in from Japan.

Pettibone, which filed for protection under Chapter 11 of the US bankruptcy code, has virtually pulled out of its specialist logging lift truck business. White Lift and Taylor have reduced domestic production, the latter now importing machines under its own name. Yale has closed capacity in the US while relying increasingly on machines made for it by Sumitomo in Japan. It also makes electric trucks in the UK.

Hyster, the world's fourth largest producer, has stuck the course better than most of its US competitors and has so far turned its back on deals with Far Eastern lift truck makers. It has spent heavily on production systems, including at its plant in Irvine, Scotland. As early as the late 1970s, Hyster moved into lighter weight, easier-to-make forklifts with its XL ranges, while its competitors were failing to adapt their designs to a changing market.

However, it, too, has shut down much of its US capacity and instead uses plants in Scotland, Northern Ireland and the Netherlands. The recently announced closure of its new plant in Ireland, which made automated guided and specialist vehicles, was a blow to the Hyster image. The company appears to have had difficulty adjusting to the task of installing entire materials handling systems, rather than individual pieces of hardware.

The US producers which have fared best are those which have been under less pressure from Japanese competition. Raymond, for example, is still market leader in the US for specialist narrow aisle vehicles, using production from domestic plants. But this is an area where Japan does not really compete.

One ironic development is that the Americans have now become some of the biggest importers of lift trucks from low-cost countries. That might explain the mixed reaction of US companies to protectionist moves against Japan.

Hyster and Yale recently filed anti-dumping claims with the US Government against five Japanese producers, Toyota, Nissan, Komatsu, Toyo Umpanki (TCM) and Mitsubishi. Clark and Caterpillar, however, are either neutral or directly opposed to such action.

Hyster says that as a result of the high yen, Japanese companies can no longer make money exporting lift trucks. It adds that the companies have virtually admitted as much in their response to the anti-dumping petitions. "But they are not giving up market share because of the yen," says Hyster. "They are going to export at whatever cost and it does not matter who stands in their way."

US companies admit that they brought a lot of their problems on themselves. As one UK manager puts it, "some of them were rather dopey when the challenge arrived from Japan in the 1970s. Their products represented very boring, heavy engineering."

Gary Bello, head of Clark's North American materials handling division, concedes the point when talking about Clark's outsourcing policy. "That came from a realisation of just how far we had to go. We were not talking about cost reductions of 10 per cent but more like 30 or 40 per cent to compete. So we had a cost and a time problem."

In Europe, consolidation has been the order of the day. A large number of European lift truck makers have changed hands in the past four years, creating a smaller number of more powerful companies, which the West German Linde-Still group threatens to dominate. With European over-capacity still at around 50 per cent, this concentration of production will almost certainly continue.

This restructuring, which took place in the early and mid 1980s included Linde purchasing Still, another substantial West German maker, and then acquiring the French company, Fenwick. Lansing, the biggest UK manufacturer and one of the few companies in the world with a full range of standard and specialist lift trucks, absorbed Saxy of France. Lancer-Boss in the UK snapped up Steinbok.

Then in 1985, Jungheinrich of West Germany — a market leader in narrow aisle vehicles, reach trucks (where the carrying mast moves) stackers and powered pallet trucks — bought MIC in France. MIC was the last remaining French-owned manufacturer.

In the past year, Kalmar of Sweden has taken over Coventry Climax, a struggling UK maker, and LanderBoss absorbed the former Fenwick manufacturing plant in Spain. At the same time, Linde took over Wagner, a leading maker of automated guided vehicles, creating a grouping with a large capital base and broad product range.

The companies were shocked by dramatic shrinkage in the market for the once ubiquitous forklift truck

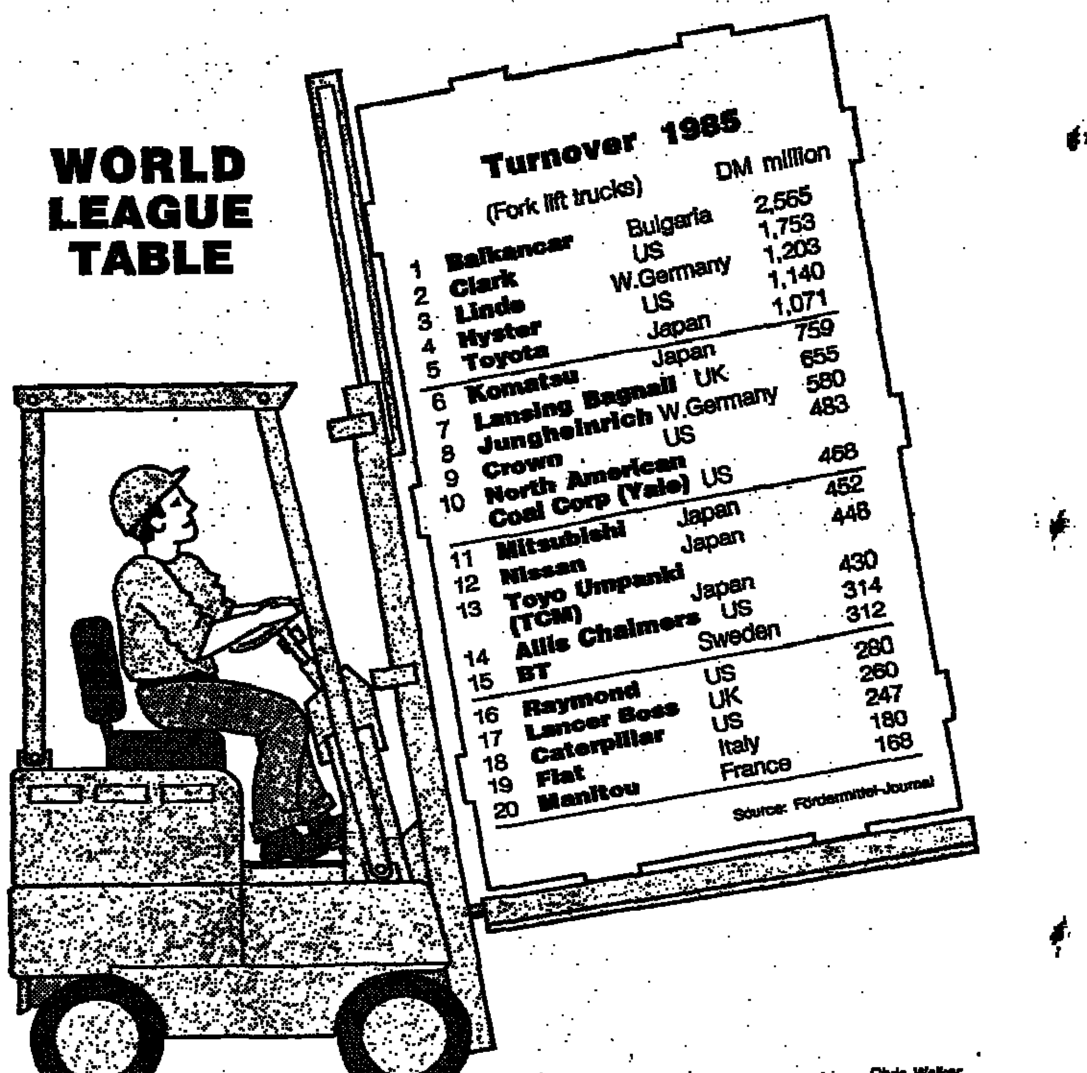
Meanwhile European producers have also been developing their niche markets. For example, Sweden's BT Rolatruc is to build a factory at Mjolby in southern Sweden devoted solely to hand pallet trucks. The company says this will confirm its position as the world's largest producer of this small electrically powered materials carrier.

The Europeans also seem to have realised sooner than the Americans that the industry's future lay in providing materials handling systems, rather than simple forklifts. They moved more promptly into specialist vehicles, frequently electrically powered.

The impact of Japanese imports has also been less severe. While the Japanese have taken large shares of individual European markets where there are no domestic lift truck producers, overall they have been kept to less than a quarter of total European sales. Last year Japan signed a voluntary agreement restricting itself to just over 20 per cent of the market.

Pressure to cut costs remains severe. Linde says survivors will need low-cost designs, high-quality components and well-managed factories. Jungheinrich has spent DM 80m (£27m) in the past three years on production systems at its Hamburg factory and is spending a further DM 30m on fabrication systems. A modular concept of design has helped reduce the production costs of its latest range of reach trucks by 20 per cent. As an indication of the attention to engineering detail, it started off with 24 possible profiles for the carrying mast on these trucks. Measuring stiffness and torsion by computer aided design; it eventually reduced this to the one optimum design.

Restructuring in Europe may still have a long way to go. "There will be more losses, there is no doubt about that," says Mr Bob Bischof, head of Jungheinrich's UK operations. "I think that only market leaders can make a profit in the longer term. The scene might be set for a final battle in Europe."



WORLD LEAGUE TABLE

Turnover 1985 (Fork lift trucks)

			DM million
1	Balkancar	Bulgaria	2,565
2	Clark	US	1,753
3	Linde	W.Germany	1,203
4	Hyster	US	1,140
5	Toyota	Japan	1,071
6	Komatsu	Japan	759
7	Lansing Bagnall	UK	655
8	Jungheinrich	W.Germany	580
9	Crown	US	483
10	North American Coal Corp (Yale)	US	468
11	Mitsubishi	Japan	452
12	Nissan	Japan	448
13	Toyo Umpanki (TCM)	Japan	430
14	Allis Chalmers	US	314
15	BT	Sweden	312
16	Raymond	US	280
17	Lancer Boss	UK	260
18	Caterpillar	US	247
19	Fiat	Italy	180
20	Manitou	France	168

Source: Fördermittel-Journal

Chris Walker

Men and Matters

Ordinary shareholders

If he could regularly fill his BhS stores as well as he filled his flagship outlet in Oxford Street yesterday, Sir Terence Conran would no doubt be a happy man.

Alerted by press rumblings of takeover and demerger, shareholders turned up in huge numbers for the annual meeting of the Storehouse Group.

Official computations put the turn-out at 800—rather more than the 200-odd who bothered last year—and considerably more than could be accommodated in the 350 chairs crammed into the Oxford Street store's restaurant for the occasion.

One Mr Seymour, stuck at the back with a squadron of circling brokers' analysts, tailors' dummies, dumbstruck PR persons, and a clutch of be-hatted women of a certain age, was getting cross.

He waved his plastic bag frantically in Conran's direction.

The man and his board, discerned with difficulty through the rising steam, appeared not to notice. As far as could be heard through the clapped-out audio system, they were preoccupied with contentious issues revolving around the non-availability of suits for the fuller figure.

"My name is Seymour. I am an ordinary shareholder. This is the most chaotic annual meeting I have even been to," he bawled into a dud microphone.

The message failed to penetrate the fug. The board was onto the disappearance of food ...ments, and the ladies at the back had discovered with some indignation that the lucky few with seats had also been issued with £5 shopping vouchers.

More disruption as they clattered out to claim their due.

Eventually, armed with two mikes, and cheered to the heavens, Seymour communicated his displeasure and a demand for a written transcript of the performance.

Conran mouthed something in the distance. "Was that yes or no?" yelled Seymour. "Yes," they all cried, with another rousing harrah for the ordinary shareholder.

'I'm just hoping this Spy Catcher business lasts long enough to see my kids through school and university'

Theobald's road

Tom Theobald, the 50-year-old Citicorp vice-chairman who succeeds John Swearingen as chairman of Continental Illinois Corporation, turned down the job when approached by federal regulators three years ago.

At the time, the troubled Chicago-based institution, still the US's 14th largest bank holdcompany, was wallowing in bad oil loans which required a $4.5bn government bail-out.

Today, the picture is rather brighter. Despite their well-publicised personality clash, Swearingen and his recently resigned right-hand man, William Ogden, presided over a period of gradual convalescence. Consequently, Theobald's main priority will be less survival than instilling a recognisable strategy in the bank's operations.

A 27-year Citicorp veteran, with experience in investment management, global commercial banking and consumer banking, he appears well-qualified for the task in hand. Most recently he played a major part in launching Citicorp's investment banking operation.

Theobald's name has been mentioned in connection with several important banking positions since he was passed over for the top Citicorp job in favour of John Reed, two years his junior, in 1984.

He has known Swearingen — who will stay on as a Continental director for an indefinite period to assist in the transition—for several years. The two reportedly were shooting birds together in England last November.

Close relations

Britain's corporate public relations industry has become such a scene of turmoil—with constant takeovers and the establishment of new, breakaway consultancies—that the first reaction to yet another entrant into this crowded field might be a yawn of boredom.

Yet City and Corporate Counsel, which was officially formed yesterday, promises to be refreshingly different. It brings together some of Britain's most experienced public relations consultancies, including chairman Alan Watson — former presenter of BBC's Money Programme and one-time chief executive of Charles Barker City; chief executive Peter Smith, who was most recently head of corporate relations at Reed International; Richard Holme, chairman of the Constitutional Reform Centre and with wide experience of political lobbying, and James Cook, a former finance director of Harris Queensway.

CCC argues that many of the big PR houses do not look after their clients' needs properly: to win the account, the house will field some of its best operators, but thereafter responsibility may be delegated down the line to young, inexperienced executives. And the big agencies which form part of wider media consultancy groups, may try and push their other services down clients' throats, adding on a hefty mark-up.

CCC claims that it will be distinctly different. For one thing, all its account executives will be senior, experienced PR figures—part-time consultants will include former MP, Tim Brinton and Martin Wray, currently head of public affairs at ICI. For another, the main thrust of its work will be confidential counselling, leaving the chief executives it advises to speak to the world. And additional services—such as design, photography, advertising—will be farmed out to independent third parties and charged to the client at cost.

All of which suggests its ambitions are those of a high quality niche player. A sort of Lazards of the PR sector? "I don't think we'd quarrel with that sort of description," says Smith.

Weatherwise

Overheard in the lobby of the Athenaeum where two elderly members were taking refuge from the rain: "Are the bishops meeting today? My father gave me some very sound advice about this club. Never leave your umbrella when the bishops are meeting."

Observer

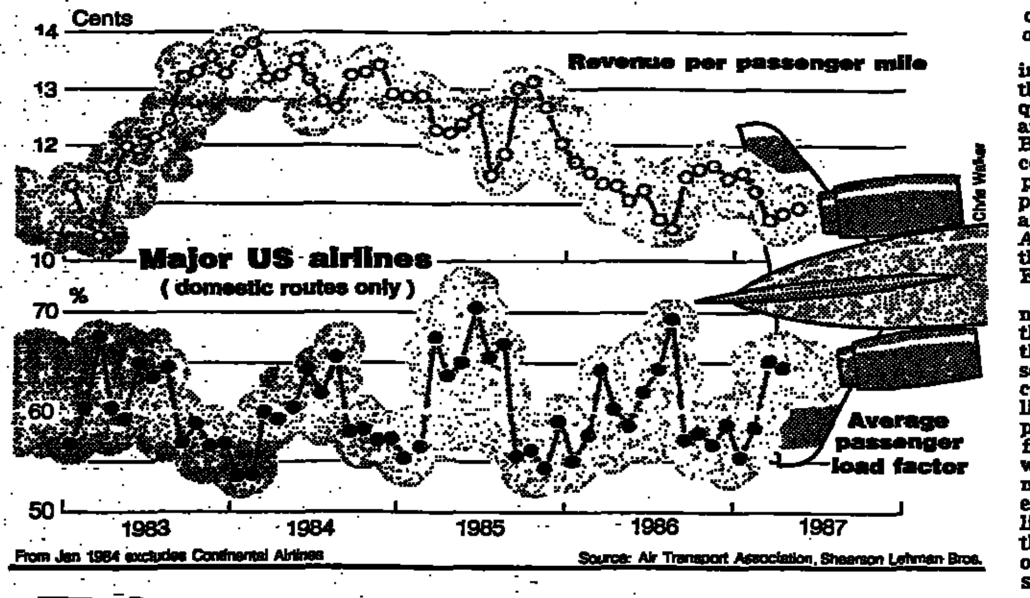
Anatole Kaletsky draws lessons for the BA-BCal merger from the US experience

Bigger may not be better for Europe

A HANDFUL of giant and predatory airlines, most of them based in America, are on their way to dominating all international air travel within the next decade. Only by regrouping through large mergers of their own can European airlines hope to survive in the battle of the giants which will eventually break out in the skies over Europe.

This, in essence, is the argument which British Airways and British Caledonian are putting to the UK Government in the hope of avoiding a reference to the Monopolies and Mergers Commission for their proposal of a merger. If it goes through, the merger will give them overwhelming dominance of British scheduled air transport.

Is their case borne out by the experience of US airline competition and mergers? This question can be broken down into four others. Has there been a wave of huge US airline mergers? Clearly there has. Is there a competitive threat to Europe? Probably there is. Would this threat be reduced by a BA-BCal link? Possibly it might. Would such a merger help the British travelling public? Almost certainly it would not.



From Jan 1984 excludes Continental Airlines
Source: Air Transport Association, Shearson Lehman Bros.

The first question is easily answered. In the last year and a half, five airlines, each of which carries more passengers and owns more aircraft than BA and BCal put together, have grown to dominate the US air travel market. Between them these five carriers—Texas Air, United, American, Delta and Northwest—now control 70 per cent of US air traffic, against the 40 per cent they had in the early 1980s. Almost the whole of that quantum jump in industry concentration has been due to takeovers—Texas Air buying Continental, Eastern, People Express and Frontier; Delta acquiring Western; Northwest swallowing Republic.

The mergers, therefore, are an incontestible and permanent fact of life. But do they pose a competitive threat to Europe, as BA and BCal claim? There clearly is a competitive threat, in the sense that several leading US carriers see international operations as an important avenue for expansion. However, according to most US experts, this threat is likely to be confined for the foreseeable future to competition on transatlantic routes.

What the US airlines are interested in, according to Mr John Eichner, a leading New York airline consultant, is not the so-called "fifth freedom" to pick up and drop off passengers within Europe, but simply the ability to strengthen their US hubs by flying directly from them to several European cities. Furthermore, despite BA's warnings about the American threat to Europe's domestic routes, there is no sign that either European or US authorities will allow the other side's airlines to serve domestic customers on any significant scale.

There is another less obvious reason why BA's claims about the wave of mergers threatening the competitive structure of the European airline business seems something of a distortion. For even if there is a competitive threat, it has little or nothing to do with mergers. In fact, mergers may have done more to curb the US airlines' international competitiveness than to boost it.

The wave of mergers, coming on top of the financial traumas of deregulation, has forced many US airlines to load themselves down with debt, either to buy competitors or to deter other bidders.

The clearest case of this is Pan Am, the US airline with the biggest international franchise. Pan Am has been struggling financially for over a decade — a struggle traceable partly to its disastrous decision to buy National Airlines (on the erroneous theory that National's domestic network would boost Pan Am's international pre-eminence). In the latest wave of mergers, Pan Am's financial state has been so parlous that it has been left entirely in the cold.

TWA, the other leading US international airline, is only marginally stronger. Since its acquisition by Mr Carl Icahn, the noted corporate raider, TWA has been labouring with a debt-equity ratio of 16 to one; it has failed to invest in any new aircraft and has shifted its focus away from international business to the limited domestic markets, particularly out of St Louis, in which it enjoys a near-monopoly. Recently Mr Icahn announced that he would attempt to take TWA private, increasing its debt load by a further \$600m (£375m) in the process.

A third major international competitor which looks less threatening on the balance sheet than on the tarmac is Texas Air. As the biggest airline in the world, with over 20 per cent of the US domestic market as well as the London to Newark and London to Miami routes it took over with People Express and Eastern, Texas Air is the most formidable force to have emerged from the wave of US mergers. But its financial and operational condition, too, is desperately vulnerable. Its indebtedness is even higher than TWA's.

Among the other big US airlines, Delta and Northwest do seem to have been strengthened as international competitors by recent mergers. But the most powerful new competitor in Europe, American Airlines, has been notably absent from the merger fray.

For the past few years, American has been extending its reach round the world from its hubs at Dallas and Chicago. But its success has not been based on mergers — indeed American has repeatedly turned down opportunities to Pan Am, largely because of the problem of integration.

There are two other reasons why the competitive threat presented by American may be worse today than in the past. If the consolidation of the US airline industry were now to result in a period of profitable and stable oligopoly for the surviving "mega-carrier," then it might be easier for them to turn their attention from the domestic to the international market. If, in addition, the preceding period of intense deregulated competition had led to a sharp improvement in the efficiency of the surviving airlines, then they would be in a stronger position to compete against the world once they decided to turn their attention outwards.

There is probably some truth in both these conjectures. But they beg two corresponding questions. Would mergers among Europeain carriers like BA and BCal create the same conditions of stable and prosperous oligopoly which companies like American and Delta are beginning to enjoy today? And even if they did, would this be in the interests of the European public?

Mergers such as BA-BCal might create European airlines that were financially stronger than a BA on its own. In this sense the merged European carriers would perhaps be more likely to withstand new competition from the US. The extra financial strength, however, would be based entirely on monopoly power, not on higher efficiency—for European airlines have not yet gone through the kind of competitive shake-out experienced in the US since deregulation in 1978.

It is possible therefore that mergers among European airlines today would increase only their monopolistic powers, not their efficiency or capacity for long-term competitive survival. It was deregulation, not consolidation that forced the US industry to become more cost conscious and efficient. The recent wave of mergers may or may not have been an inevitable consequence of deregulation; but it was certainly not the cause of the US airline industry's efficiency gains and low fares.

In fact, US fares have begun increasing rapidly in the last nine months and airline labour costs are already beginning to creep upwards. Meanwhile, the quality of service, which was undoubtedly a major victim of deregulation, is deteriorating further—as shown by record levels of customer complaints to the Department of Transport, widespread overbooking, allegations of deceptive scheduling, maintenance problems and unprecedented delays at major airports. Despite these well-publicised headaches, most Americans probably still feel that deregulation was worthwhile for the enormous benefits—estimated at around \$6bn annually—which it brought to travellers through lower air fares and more efficient airline operations.

As the US airlines regain their oligopoly power, some of these benefits will gradually be lost. But at least Americans enjoyed a lengthy honeymoon with the joys of genuine airline competition. It would be sheer masochism for Britain or Europe to accept the oligopolistic reaction without having enjoyed the competitive freedom.

Britain's inner cities

Self help depends on reform at the centre

By David Edmonds

THE MOST compelling element of Faith in the City, the report of the Archbishop's Commission on urban priority areas, is the account of the state of mind of hundreds of thousands of Britain's citizens who live in the run-down parts of the inner cities—or in the crumbling, mildewing, unrepaired council estates of the outer cities. The predominant emotion is hopelessness, with no relationship to the mainstream of the normal life of the nation.

Those who do not share their poverty can barely comprehend the sense of futility created by unremitting exposure to a physical environment which consists of decaying housing and boarded up shops; or the bleakness of a crudely planned deck-access estate, where corridors run above bedroom ceilings.

The hopelessness may turn to despair when the economic base collapses, and unemployment reaches 60 per cent. And for many there is a fear of crime which destroys the possibility of a tolerable, normal life. Faith in the City describes "a quite different social and economic system, operating almost at subsistence level, dependent entirely on the public sector, where the opportunities for improvement either through self-help or through outside intervention are minimal."

The key to a new approach to urban policy must surely be the creation—through outside intervention—of conditions in which self-help becomes a reality, and real hope becomes a possibility. Given the scale of the problem, no urban policy can be effective unless it is built on the main resource of any urban community: the people who live there.

This is not another plea for community architecture: it is a plea for an urban policy with community self-help as the primary objective, not tagged on to bureaucratic solutions. And it means bureaucracies, central and local, adopting a supportive, not directive role.

The best example to support this approach is, perhaps, the community-based housing association, or housing co-op. In much of Glasgow, living conditions have been transformed—and new hope given — when neighbourhoods have formed associations and converted run-down tenement blocks into decent housing. Some community-based associations, run by voluntary committees, are now planning small workshops, or running creches to allow women to find jobs, or working on environmental projects.

Those community-based housing associations and housing co-ops which succeed do so because public agencies act as facilitators, providing the initial training, planning framework and, of course, resources. Self-help is not a cheap solution: renovating run-down tenements or modern flats costs money, and even with more flexible grant-aid arrangements leading to some private sector investment, major public sector investment will continue to be needed. So outside intervention remains crucial: not paternalism but providing methods, training, help with the bureaucratic system.

The shift needed in urban policy to achieve this kind of model in other areas—economic, social and environmental—would be profound. Such a shift is unlikely to take place given the plethora of agencies, departments, programmes and policies which now exist. Responsibility is so divided that the law of multiple decision-taking is bound to apply: any new government policy set by the centre simply will not be achieved in the cities.

For example, the Department of Environment now has responsibility for the suburban programme, urban regeneration grant, urban development grant, derelict land grant; the Manpower Services Commission controls a variety of employment programmes; the Home Office has its special grants; the Department of Education and Science has responsibility for inner city schools; and the Industry Department, with two Cabinet Ministers, has responsibility for industrial support. Added to this are the Department of Health and Social Security and care-in-the-community; the Housing Corporation, with 85 per cent of its programme in the cities; urban development corporations; urban task forces; and now housing action trusts. And there are, of course, the local authorities.

There is a compelling case for a rationalisation of central responsibility. Without this, not only will decisions at the centre be more difficult to reach, but by the time they hit the ground (if they ever reach it) the impact will be diffused. We need a single national agency with an overriding goal: the creation of conditions under which those in the cities can help themselves. The agency should absorb and direct many of the central programmes listed above; it should be at one remove from government, although subject to ministerial direction (from one department); and it should have flexibility in investment decisions, working closely with the private sector, building on successful initiatives like Business in the Community. It will need to harness private sector skills, and that may well mean expensive secondments, or short-term contracts.

Even more importantly, it must be accepted that to secure capital investment in many areas the gap between cost and value can be bridged only by public-sector investment. The private sector cannot be asked to invest without prospect of a fair return. In many inner cities, the return on housing, or commercial development, or new factory premises, is just too low. Public investment, quite openly, can bridge that gap.

My two themes —a radical restructuring of the organisation of central programmes and policies, and a new, overriding policy objective directed at convincing local communities that there is a real chance of improvement through self-help—perhaps seem unrelated. But without the first, the second will be impossible. And unless we are able to re-create hope, we are unlikely to persuade those who have in effect given up that it is worth rejoining the mainstream of society.

The author is chief executive of the Housing Corporation. The views expressed are his own.

Letters to the Editor

Misconceptions of EC law

From Mr S. Crossick

Sir,—Lord Denning's three points reported (July 24) to have been made during the House of Lords debate on the Finance Bill are, with respect, based on misconceptions of EC law and procedure.

First, the Council of Ministers is competent to require the abolition of zero-rating. Such a decision would, however, as the Prime Minister pointed out, need to be taken unanimously (ie with the UK's consent).

Secondly, the European Commission and the European Court cannot "dictate" to the UK Government, except insofar as any court "dictates" to people when applying the law. Indeed, unlike most national courts (including Lord Denning's own), any judgment of the European Court can only be declaratory as to whether the UK has complied with its obligations under the EC treaty. The European Court *has no power to make definitive* orders against Member States for non-compliance with the Treaty. In the event of a declared non-compliance, the UK Parliament has to decide whether to persist in a repudiation by the UK of its obligations under the EC treaty, a course which must ultimately result in the UK leaving the European Community, or to amend its legislation to comply with those obligations. Sovereignty is the power to make this choice, a power that Parliament fully retains. Political wisdom is the ability to make this choice sensibly.

Thirdly, there is no EC rule which prevents the UK Government from revealing its own pleadings to Parliament, to third parties or to the public at large. Nor is there any rule to prevent the Government disclosing the Commission's arguments, at least if the latter does not object (as it would not normally). In any event, a summary of the Commission's case and arguments is published in the Official Journal, shortly after proceedings are initiated, and a fuller statement of all the arguments is made available to the public by the Court immediately before the case is heard. There is no substantial difference between the relevant practices of the EC and the English Supreme Court. Indeed, those of the European Court could in some respects be said to be more open.

Stanley Crossick,
Belmont European Community Law Office,
118-128 Avenue de Cortenbergh,
1040 Brussels.

Midland Bank's results

From Mr E. O. M. Eilledge

Sir,—You were critical of Ernst & Whinney in the Lex column (July 24) with regard to the presentation of the Midland Bank's interim results.

The circumstances in which Midland Bank is disposing of three subsidiaries, making a rights issue and at the same time increasing its provisions against third world debt amounted in the opinion of the Bank—a view with which we concurred—to a unique restructuring package which should be considered in its entirety. Certainly no reader of the interim results can possibly be misled given the pre-announcement of the way in which these items are to be treated and their prominent disclosure.

It is of course perfectly legitimate to debate the merits or otherwise of the accounting treatment — but the grossly intemperate language which you chose to refer to the conduct of my firm went beyond reasonable comment and adds nothing whatsoever to that debate. What is more, at no time did the journalist concerned seek either background information or opinion from my firm.

I find Lex's action in this case unacceptable and wholly inconsistent with its reputation for informed comment.

Elwyn O. M. Eilledge,
Senior Partner,
Ernst & Whinney,
Becket House,
1 Lambeth Palace Road, SE1.

True costs of pension provision

From Mr A. Smallbone

Sir,—Mr Malone (July 21) refers to the statement by Mr Mayor concerning the "pension obstacles to job mobility." It is clear that both are talking of final (euphemism for "leaving") salary schemes. The reality is that, far from being an obstacle, the inherent nature of such arrangements often encourages job mobility.

True funding rates are progressive. It costs an employer more in pensions contributions to keep on a 35-year-old copy typist than one of 25, one of 45 costs far more, and one of 55 far far more; although the productivity—and therefore the wage rate—of all four is likely to be the same.

Provided it is recognised that "early leaver" is a term that covers those moved on, and that "job mobility" may be a condition imposed by someone else's decision, it should be clear not only that there is no "quick and easy solution," but no solution at all. Final salary systems are throughly obnoxious financial devices which: (1) threaten all members' careers as they approach their 50s; (2) discourage other employers with similarly-funded schemes from taking on those off-loaded by others; (3) enable employers to under pay long-serving staff (Snooks could obtain a 20 per cent rise by moving, but it will scupper his pension); (4) discourage long-serving employees from blowing the whistle on crooked directors ("You will be an early leaver before the fraud squad have opened the books, let alone understood them").

Alan Smallbone.
30 Temple Fortune Lane,
NW1.

Plenty of wine corks

From Mr I. S. Perkins

Sir,—I refer to the article entitled "Alarm Bells Ring for Popping Wine Corks" (July 24), which suggested there would be a wine cork shortage in the future because of a drop in the total afforested acreage in Portugal. The article went on to argue that the forests established in the 19th century were old and have become less productive.

Although it is true there has been a slight drop in the acreage under cultivation in Portugal, it is quite untrue to suggest that wine cork production is falling. Whilst cork is an agricultural product and therefore subject to year-on-year variation, the underlying trend is upwards. Vastly improved methods of arboriculture, continuous replanting in Portugal, and an expansion of afforested areas in other producing countries have all contributed towards this trend.

Less than half the strip is converted into wine bottle corks, the remainder going to granulation and indeed there is presently a small surplus of natural wine corks.

Wine drinkers the world over may be reassured that Chateau Latour and all other quality wines will continue to have a cork allowing that wine to develop to its full rounded maturity.

I. S. Perkins,
Chairman,
Cork Industry Federation,
Algarve House,
1 Joan Street, SE1

How Government can help counter traditional R and D weakness

From Mr G. B. Shephard

Sir,—I write in reply to the article entitled "Support for technology R and D likely to be lower than expected" by David Thomas (July 15).

While the Information Technology (IT) community is proposing a follow-on programme to exploit the work at Alvey, the UK Government appears to be walking away from the opportunities Alvey has identified. This is the traditional area of UK weakness—in commercial exploitation of research work. Other governments understand this and will ensure that industrial incentives remain until the job is finished.

The type of IT support which industry should expect from Government is strategic initiatives in specific market areas and direct funding for development. The "After-Alvey" programme could be used to put into development selected areas of research from the original Alvey programme. The Government could support this by continuing its partial funding policy for technical development, by supporting market introduction work in association with customer initiatives and indeed by being the type of customer whose policies encourage the development and adoption of innovative UK programmes.

We only have to look across the Channel to see clear examples of enlightened government policy. The EC Esprit research programme had similar objectives to Alvey. UK industry also contributed to this but it may well be through the Eureka programme instigated by Francois Mitterrand that the commercial benefits emerge. Also in France, the IT initiative to distribute data services into domestic and industrial areas through the Transpac/Minitel programme has provided a far-sighted inspiration. The benefits of this programme are not just in the indirect funding it provided for French telecommunications companies but also in the increased awareness it has generated within the French user community of the benefits and application of IT.

Information technology is already changing the patterns of trade and investment. Access to information both in private and commercial life is undeniably the greatest opportunity which can be provided in making the right decisions and advancing knowledge.

Through his comments at the University of Manchester review of the Alvey Programme last week, Kenneth Clark's tenure as Minister of Trade and Industry opened on a deeply depressing note. Britain could provide a new area of leadership, employment and trade balance within the EC, if only Government and industry could strike the right partnership.

Garth B. Shephard,
Technical Director,
Information Technology plc,
Maylands Avenue,
Hemel Hempstead, Herts.

FINANCIAL TIMES
Wednesday July 29 1987

Better times for Chile's lucky few

Robert Graham in Santiago contrasts the two faces of economic recovery from a severe debt crisis and asks who the beneficiaries are

NOT EVEN weeks of torrential rain and flooding have dampened the enthusiasm of the Chilean business community. Profits are good, demand is high and there is a feeling the military regime of General Augusto Pinochet has finally overcome the bulk of the economic problems caused by the collapse of the 1981 boom and the ensuing debt crisis.

Yet, after listening to all their confident talk, one only has to walk out of the solid bank and company buildings in central Santiago and confront the other Chile: shoeshine boys, street sellers and young and old touting for money. This is the part of society which has yet to benefit directly from Chile's new economic progress. Opposition economists and politicians insist the gap between rich and poor, rather than narrowing, is widening as a result of the government's free-market policies.

But if there is dispute as to the beneficiaries of growth, the figures themselves are not in doubt: the economy last year grew 5.7 per cent. By the first quarter of this year it had recovered to 1981 levels, and had thus overcome the damaging 1982-83 recession when GDP fell almost 15 per cent.

Chile may be back to 1981 levels of production. However, there are significant differences between then and now. The same level of production has been achieved with a 30 per cent reduction in the value of imports.

Also the composition of GDP has shifted, with the importance of industry (essentially copper) diminishing and a sharp rise in agriculture, due to the conscious promotion of agro-industries both for export and import substitution. Another important change is that the private sector now accounts for the majority of imports, including capital goods.

After the first quarter of this year, the authorities became concerned growth was accelerating too fast. The project for 1987 had been to retain the previous year's growth but instead the economy was expanding at over 7 per cent (compared to the same quarter in 1986). Imports were up 30 per cent while exports had risen only 14 per cent.

"We were obliged to carry out some fine tuning", said Mr Juan Andres Fontaine, head of research at the central bank. "But it was only fine tuning, no basic change in policy." Interest rates have been raised slightly and the response has been quick. Inflation, which in April jumped 2.4 per cent, is down to 1.5 per cent, and any suggestion of overheating has been avoided. Mr Fontaine estimated inflation would be close to last year's annual 17.4 per cent - although probably a little higher.

The number of jobless continues to fall, although official figures give a slightly distorted picture. Officially, unemployment is down to 12 per cent of the 4.2m labour force, compared to nearly 20 per cent four years ago.

However, an additional 3 per cent of the active population are still employed in special government schemes. The percentage was originally far higher back in 1983 when some 500,000 people were involved in such schemes. The number is now reduced to 146,000.

The government says the reduction has been the result of improved economic performance absorbing the jobless. This may be the case in part; but the government has not fully answered its opponents who maintain that it has been deliberately cutting these programmes. In the shanty towns round Santiago, where in some instances the jobless total is above 30 per cent, little dent has been made on unemployment.

The government is reportedly considering a different approach to unemployment, including something similar to the British experiment in youth training, with companies being given incentives to employ new labour temporarily.

With General Pinochet's eye on presidential elections which are due in 1989, the government may be forced to do something about wage levels. Pay has been held down tightly. Even the country's substantial middle class finds it difficult to make ends meet, despite a 3 per cent increase in real wages expected this year. According to official central bank figures, wages are still, in real terms, below 1981 levels.

In theory, wage increases are freely determined, but the private sector looks to government employees for a benchmark for the nature of rises permitted by the state. The government has some leeway. The public sector deficit has been reduced to 1.6 per cent of GDP. Part of this deficit reflects the continued burden of servicing the country's $19.2bn foreign debt. Nevertheless, Chile has been extremely successful in holding down any increase in its foreign debt by its debt conversion policies.

Chile has been the most innovative of the Latin American debtors in encouraging debt conversion. Since 1985 $1.8bn of debt has been converted either through debt equity arrangements, capitalisation procedures, direct investment or bank portfolio swaps. By the end of the year the central bank projects the total debt conversion will have reached $2.5bn.

Initially, those involved were essentially US financial institutions but they have now been joined by Europeans and, latterly, the Japanese.

The principal means of debt conversion have been two provisions especially established by the central bank in its foreign exchange rules:

- Chapter 18 permits Chileans or Chilean-based institutions to purchase foreign debt instruments;
- Chapter 19 permits foreigners to invest in Chilean foreign debt instruments.

Partially as a reward for successfully pursuing orthodox economic adjustment policies, Chile was able to wring an important concession from the commercial banks in rescheduling negotiations earlier this year. As of 1988, interest will be paid once yearly instead of twice, saving in effect $447m in the year.

This means that Chile has sufficient external finance to cover the current account deficit, projected at $950m.

Goria succeeds in forming new coalition

BY ALAN FRIEDMAN IN MILAN

MR GIOVANNI GORIA, Italy's Christian Democrat Prime minister-designate, late last night told President Francesco Cossiga that he has succeeded in forming a coalition government.

The bearded Mr Goria, who will be 44 years old tomorrow, has thus managed to end Italy's five-month long political crisis by achieving a truce between the leader of his own party - Mr Ciriaco De Mita - and former premier Mr Bettino Craxi, leader of the Socialist Party. Mr Goria was named premier-designate on July 13 after Mr Craxi posed an effective veto against the candidacy of Mr De Mita.

Mr Goria, who becomes Italy's youngest ever prime minister, is expected to present his government to parliament tomorrow for a formal vote of confidence.

The Goria-led government consists of the same five parties which comprised Mr Craxi's ruling coalition from August 1983 until Mr Craxi stepped down on March 3 of this year following a bitter dispute with the Christian Democrats over power sharing. These parties are the Christian Democrats, Socialists, Republicans, Social Democrats and Liberals. Since April, the government has been administered by caretaker Prime Minister Amintore Fanfani.

The Craxi-De Mita dispute led to early general elections last month in which the Socialists increased their share of the vote from 11.4 to 14.3 per cent while the Christian Democrats moved up from 32.9 per cent to 34.3 per cent.

Although Mr Craxi last weekend pledged his party's "full support" for the new government, many Rome politicians (including members of Mr Goria's own Christian Democrat Party) say the government will be lucky to survive until next April or May, when the Christian Democrats hold their party congress.

Among the key ministers expected to be named in the new Goria coalition are Mr Giulio Andreotti, the veteran Christian Democrat politician who should retain his post as foreign minister, and Mr Giuliano Amato, a right-hand aide to Mr Craxi who is likely to become deputy premier and may also take Mr Goria's old portfolio as Treasury Minister.

Giovanni Goria: His plan ran into difficulties.

CBI report fails to excite the markets

BY JANET BUSH IN LONDON

THE CONFEDERATION of British Industry's upbeat assessment of prospects for manufacturing, including encouraging evidence on growth, exports and inflation, met with a relatively muted response in UK financial markets yesterday.

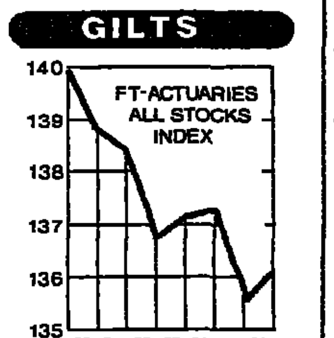
The CBI's latest quarterly Industrial Trends Survey of 1,485 companies, was more eagerly awaited than usual by markets which had been suffering substantial losses due to concern the economy might be starting to overheat.

The clear message from CBI officials yesterday was that fears about a build-up in inflationary pressures and a deterioration in the trade balance as industry came up against capacity constraints were, as yet, unfounded.

However, financial markets, particularly the UK government bond market, remained nervous about longer-run trends in the trade balance.

Mr John Banham, Director General of the CBI, said: "This latest CBI industrial trends survey indicates that the economy should be able to sustain a steady rate of growth in output...Prices are not increasing as fast as some people had feared and increased capital investment should ensure that bottlenecks do not prevent British firms from meeting increasing home and export demand."

GILTS



Gilt-edged prices yesterday recouped only about ½ point of losses last week and on Monday of more than 5 points. The market is now waiting for the next set of trade figures for June, due on August 11, to see if May's sharp deterioration in the current account was an aberration as the CBI survey suggests.

Equities, which have not been quite as vulnerable as gilts, put in a reasonable recovery yesterday although turnover and foreign interest remained at a low ebb.

The FT-SE 100 index closed 26 points up at 2359.9 while the FT Ordinary gained 20.8 to 1855.

On the foreign exchange market, sterling edged only marginally higher

$2bn Airbus order for GE and Snecma

FROM PAUL BETTS IN PARIS

GENERAL ELECTRIC of the US and its French partner Snecma, the state-controlled aero-engine group, have won a $2bn order from Airbus Industrie, the European airline manufacturing consortium, for 376 engines.The engines are for aircraft for which Airbus has firm orders.

The US group, which announced last week a major asset swap agreement with the French nationalised Thomson defence and electronics concern, said the Airbus order was the single largest order ever received by GE's aero-engine division.

GE's share of the Airbus order will total about $1.4bn with the remaining $600m going to its French partner.

The order includes 58 CF6-80C2 engines to power Airbus A300-600 and A310-300 aircraft and another 100 of these engines for the new medium-range A330. This part of the order is worth about $1bn in which the French group's share is 10 per cent. However, an official of CFM International, the joint aero-engine venture between GE and Snecma,indicated last night that the engines were expected to be built in France.

The second part of the order involves 218 CFM56-5 engines for the new long-range A340. Snecma will have a half share in this deal - about $500m out of the total $1bn for the A340 engines.

The big Airbus order involves engines to be delivered, in the case of the A300-600s and the A310-300s, as from 1989. Delivery of the A330 engines is due to begin in December 1991 while the A340 deliveries are scheduled to start in August 1990.

GE/Snecma currently have no competing suppliers for the new A340 following the decision of the rival five-nation consortium International Aero Engines grouping (Rolls-Royce, Pratt and Whitney, three Japanese companies, MTU of West Germany and Fiat Aviazione) to drop its V2500 Superfan engine project.

On the new A330, the main competitors are Pratt and Whitney and Rolls-Royce while for the two other Airbuses already in production the principal competitor is Pratt and Whitney.

Reagan says stage set for Moscow weapons accord

Continued from Page 1

posal dropping Moscow's earlier insistence on retaining 100 medium-range nuclear warheads in Asia.

These obstacles included a US demand for what Mr Obukhov claimed were "over-complicated" verification schemes and its claim to convert some Pershing 2 missiles into short-range Pershing 1B missiles, as well as the redeployment of some land-based cruise missiles on to ships.

The Soviet Union also complained that, under the dismantling programme put forward by the US, it would have to destroy unilaterally missiles before the US started eliminating any of its nuclear weapons.

Mr Glitman said the latest US proposal had "something to say on timing." The Soviet Union would have to eliminate more weapons because they had a preponderance, but "we want to reach equality as quickly as possible."

On conversion, Mr Glitman commented that, if all missiles in the INF range were to be destroyed, "obviously you cannot convert into something that is banned." The US would not be found wanting in meeting Soviet concerns over conversions.

Washington's latest offer also covered verification and on-site inspection plans,

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	26	79	Malta	S	29	84	Rhodes	S	33	91
Algiers	S	28	82	Edinburgh	F	17	63	Manchester	R	16	61	Rio de J'o	S	30	86
Amsterdam	C	16	61	Faro	S	29	84	Manila	C	33	91	Rome	F	26	79
Athens	S	34	93	Florence	S	28	82	Melbourne	R	11	52	Salzburg	F	16	61
Bahrain	S	44	111	Frankfurt	C	16	61	Mexico City	C	25	77	San Francisco	C	13	55
Bangkok	S	35	95	Funchal	S	25	77	Miami	S	27	81	Seoul	F	29	84
Barcelona	S	27	81	Geneva	C	21	70	Milan	S	29	84	Singapore	F	31	88
Beirut	S	33	91	Gibraltar	S	23	73	Montreal	S	12	54	Stockholm	C	18	64
Belfast	C	17	63	Glasgow	C	15	59	Moscow	F	19	66	Strasbourg	C	20	68
Belgrade	F	22	72	Guernsey	D	16	61	Munich	C	16	61	Sydney	R	16	61
Berlin	R	14	57	Helsinki	C	17	63	Nairobi	F	25	77	Taipei	R	29	84
Biarritz	C	21	70	H. Kong	TH	25	77	Naples	S	29	84	Tangier	F	31	88
Bombay	F	30	86	Innsbruck	F	18	64	Nassau	S	33	91	Tel Aviv	S	32	90
Bordeaux	C	22	72	Inverness	C	15	59	New Delhi	S	35	95	Tenerife	S	30	86
Brussels	C	17	63	Islamabad	C	23	73	New York	S	23	73	Tokyo	C	30	86
Budapest	S	22	72	Istanbul	F	29	84	Nice	S	25	77	Toronto	S	17	63
B. Aires	-	-	-	Jakarta	C	34	93	Nicosia	S	42	107	Tunis	F	29	84
Cairo	S	37	99	Jersey	C	19	66	Oporto	S	32	90	Valencia	F	27	81
Cape Town	C	15	59	Jo'burg	S	20	68	Oslo	F	20	68	Venice	C	26	78
Caracas	C	26	79	Lima	C	20	70	Paris	C	22	72	Vienna	F	17	63
Casablanca	F	26	79	Lisbon	S	25	77	Peking	-	-	-	Warsaw	F	19	66
Chicago	S	19	66	London	C	18	64	Prague	C	14	57	Washington	S	24	75
Cologne	C	15	59	Los Angeles	C	18	64	Reykjavik	C	12	54	Zurich	F	18	64
Copenhagen	C	19	66	Luxembourg	C	16	61								
Corfu	S	30	86	Madrid	S	29	84								
Dallas	-	-	-	Majorca	S	27	81								
Dublin	C	19	66	Malaga	S	27	81								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Rajiv Gandhi: faces censure motion

Gandhi is target of bribery uproar

By K. K. Sharma in New Delhi

BOTH HOUSES of the Indian Parliament were adjourned in uproar yesterday as opposition parties pressed for an inquiry into allegations that Indian officials were bribed in deals with Bofors, the Swedish arms company.

In the lower house, the opposition sought a motion of censure against Mr Rajiv Gandhi, the Prime Minister, while in the upper house, where Mr Rajiv was present, an attempt was made to debate a motion charging him with misleading MPs.

This was the first opportunity opposition parties have had to raise the matter in Parliament for several months.

Opposition members refused to allow any normal parliamentary business to be transacted yesterday and insisted on discussions on their own terms of the $1.4bn Bofors deal for the sale of howitzer artillery.

Both houses were adjourned for short periods before proceedings were. halted for the day. During the uproar members advanced menacingly towards the chair in both houses. In the Lok Sabha (lower house), they grappled with each other.

At one stage, an opposition member snatched from Mr K.C. Pant, Minister for Defence, a note that he was reading on a motion to set up of a parliamentary committee to inquire into the Bofors deal.

In the upper house, opposition members tried to introduce a motion accusing Mr Gandhi of having misled members in the last session by claiming no pay-offs or middlemen were involved in the deal. The Swedish company has admitted making payments of about $80m into secret Swiss bank accounts of Indian officials.

Mr Gandhi made no statement while he was present in the house. Because he is going to Colombo, Sri Lanka, on a two-day visit, he will not be able to defend himself until the end of the week.

The opposition parties are determined to stall normal parliamentary proceedings until their demands for a full inquiry into the Bofors deal are met and a statement is made by Mr Gandhi giving all the facts.

Mr Gandhi faces more trouble over a submarine deal with a West Germany company in which allegations of pay-offs have also been made. The opposition charges that he is protecting people close to him who are involved in foreign exchange scandals.

Although the ruling Congress (I) Party has a four-fifths majority in the Lok Sabha and yesterday its members appeared to support him, Mr Gandhi's leadership has been questioned by many.

Although he is unlikely to lose his majority, there are signs of a mini-revolt, in particular as a result of Mr Gandhi's expulsion of four senior dissidents last week, including Mr V.P. Singh, former Finance and Defence Minister, who has emerged as his chief rival.

N. Korea faces debt default

Continued from Page 1

The action seeking formal default would take place in UK law courts. The impounding of North Korean assets in the West could follow.

Bank sources, who asked not to be identified, said lawyers had advised that the process of seeking default was not expected to be lengthy.

They said the North Koreans had some weeks before the matter reached the courts to respond. They insist that the Koreans have the resources to comply.

The decision to go into the courts, while a last-ditch effort to gain an agreement on the debt, is more than a sabre-rattling exercise. "If we do not hear from them, then the sabre will come out of the scabbard," said one banker.

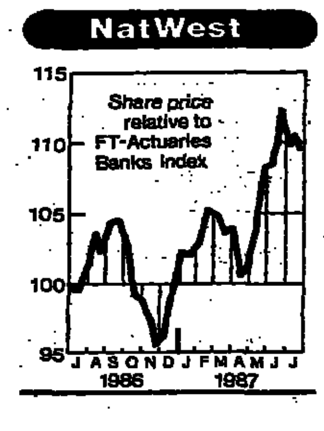
Talks on the rescheduling, which would have initially spread out the Koreans' debt repayments for 15 years, were close to completion.

THE LEX COLUMN

NatWest spits out the bullet

National Westminster Bank's performance in the first half of the year borders on the awesome. Despite taking £564m of debt provisions above the line, it has managed to put another £100m into reserves, even after increasing the dividend by over 14 per cent. The reason, typical of NatWest, is the strength of the domestic banking business. The net addition of 160,000 new current accounts has helped further to reduce dependence on the wholesale market for funds, while the lucrative mortgage book has grown by a third to £4.5bn. NatWest is clearly not too worried about housing prices in the south-east of England: it thinks that a mortgage book of £10bn is a reasonable target.

NatWest



It is possible to cast some aspersions on NatWest's 71 per cent increase in its domestic profits. Gilt sales amounted to no less than £50m. But if this was an opportunist attempt to smooth profits in the face of a wave of LDC bad debt provisions, it was also opportune in the best sense, since NatWest could now buy the gilts back for less than it sold them . There is also a handy £49m coming from a reduction in general domestic bad debt provisions. Yet if NatWest is prepared to suffer a dent to profits by its correct decision to take South American reverses above the line, it should also be able to reap the benefits from past over-provision.

Foreign banking is tough not only south of the Panama Canal. Tightening margins in US corporate lending have contributed to a decline in international banking profits of about 30 per cent, from the levels of the previous six months. But NatWest should still make about £900m this year, provisions and all, which leaves the shares, up 11p at 762p, on a multiple of less than 10. That will come down with a thump next year, making the shares look good value.

CBI Survey

Perhaps the most interesting thing about the market's response to the latest CBI survey is that there should be a response at all. Fashions for numerical series come and go, but the market has not felt quite the same about the CBI's forecasts since Britain's industrialists drove cheering into the sunset of the Barber boom.

Indeed, a half-point rise in gilt-edged and 26 points on the FT-SE 100 index is a lukewarm assent to what should be a firm denial of overheating. The chief bull point is plainly the reduced worry about overcapacity, though this would also be consistent with a topping-out of demand. Wage inflation due to skill shortages should not worry the City of London, which has borne it in its own case with resolute cheerfulness.

But the fashionable series seems still to be the money supply, with June's figures due in a fortnight. These are being awaited either as proof that last week's shocker was an anomaly, or as the confirmation of doom. They will probably turn out neither, but the CBI gives the market something to chew on while it waits.

BAA

While the pricing of the BAA issue and the use of the partial tender in the offer have been thoroughly vindicated by the result, the first day's dealings in the shares has brought rather less glory to the City. The fact that only seven market makers were prepared to stand up in the face of an expected avalanche of small sellers was a pretty poor show. And those seven, who could no doubt calculate that with 2.1m BAA shareholders around they might all have to handle 300,000 sell orders, carefully protected their profits by each making a 5p price spread on the Topic screens, presumably not through coincidence.

It is hard to blame them for wanting to fend off agency brokers with bundles of allotment letters, or at least make a decent margin if they were unlucky enough to answer the phone to them. And no doubt their own clients were offered a better deal. But by contrast there are still 18 market makers offering a 3p spread in British Gas shares, admittedly a much larger issue, 14 making the same spread in British Airways, and nine also showing a 3p price in Rolls Royce. Non-privatisation stocks with similar share prices are generally traded on even narrower spreads, reflecting the greater institutional interest.

It is an indication of just how bad the Stock Exchange settlement problems have got that brokers have taken such a defensive course. And the vendor's desperate desire to avoid a ballot, which necessitated the piddling 100 share allotments, was the last straw. What is perhaps the most important lesson is that in the City, as in the airline industry, deregulation can have the opposite effect to that intended - less, not more competition.

Harris Queensway

Mr Peter Carr's sacking from Harris Queensway may have been necessary, but it has cast an uncomfortably penetrating beam on the management and marketing muddle at the top of the company. Mr Carr is clearly no slouch - having been one of only two survivors of the Burton-Debenhams takeover - and if his background made him unsuitable for the Harris culture that should have been clear before he got the job 18 months ago. Promoting him to joint chief executive only three months ago, along with Mr Martin Watts, now looks like a compounding of the error.

It is too simple to see Mr Carr as a victim of the clash between the old "seat of the pants", buying-led, Harris tradition and the new consumer-led professionalism - particularly as Mr Watts, who now becomes sole managing director, is surely in the latter camp. But to expect Mr Carr to successfully tackle the multiple failures of furniture retailing in such a short time was unrealistic. Even if Mr Watts makes a better fist of it, Harris Queensway's continued independence will depend mainly on the share stakes held by GUS and the Harris family.

FINANCIAL TIMES
Wednesday July 29 1987

Strong improvement in USX second quarter

BY ANATOLE KALETSKY IN NEW YORK

USX, the largest US steel company which is also a leading oil and gas operator, enjoyed strong improving profits in the second quarter and is forecasting "very promising" results for the six months ahead.

The company made $149m, or 50 cents a share, after tax on revenue of $4bn, compared with $14m on $4.2bn revenue in the second quarter of last year.

Operating income, excluding tax and financing charges, was $342m – the best quarterly performance since 1985 third quarter. A year ago, USX's operating income was $204m.

Mr David Roderick, chairman and chief executive, said the latest quarter's results had surpassed expectations and showed noteworthy profitability in all operating segments, including the troubled steel segment.

The profits in the steel business, which operates within USX through the USS subsidiary, were achieved despite substantial start-up costs after the six-month steelworkers' strike which ended in February.

USS lost money during April and May, according to Mr Roderick, but returned to profitability in June, with further improvements now in prospect.

For the second quarter, USS posted an operating income of $37m, compared with a loss of $59m the year before. However, revenues were sharply down, from $1.3bn last year to $875m in the latest quarter.

Mr Roderick attributed the good results in steel to the decision made after the strike to close uneconomic capacity and "operate only our most efficient facilities with the benefits of a competitive labour agreement."

Average man-hours per tonne of steel shipped hit a record low in the second quarter, he said.

The energy segment, which now dominates USX's financial performance and includes Marathon Oil and TXO, a natural gas company, had operating income of $223m on sales of $2.8bn. A year ago operating income was $183m on sales of $2.3bn.

However, the latest results included $79m of unusual accounting items while the 1986 profits had net unfavourable items of $26m.

The diversified business segment, much of which is being sold as part of a wide-ranging corporate restructuring, had operating income of $48m on sales of $385m, compared with $21m and $824m respectively last year.

Cap Gemini to expand holding in systems integration group

BY GEORGE GRAHAM IN PARIS

CAP GEMINI SOGETI, the fast-growing French computer services group, is expanding its activities by buying control of Société d'Etudes des Systèmes d'Automation (Sesa), the systems integration company.

On top of the 42 per cent it already owns, Cap Gemini is to buy the 51 per cent stake in Sesa held by Compagnie Générale d'Electricité (CGE), the recently-privatised French telecommunications and heavy engineering group. The remaining Sesa shares are mostly held by its managers.

Sesa, which specialises in packet-switching systems, industrial software and computer engineering for military and space systems, made net profits of FFr 43.8m ($7.09m) last year on sales of FFr 1.048bn.

Mr Michel Berty, secretary general, said last night the company had identified systems integration, in which it had previously had only a small presence, as a major strategic axis for its development.

Cap Gemini has grown rapidly over recent years, partly through the acquisition of computer services companies in the US and in European countries outside France but has now almost completed its geographic expansion.

The company recently reinforced its position in France by taking a 36 per cent stake in its main domestic rival CISI, a subsidiary of the state atomic energy authority, the CEA.

Recently transferred to a full Paris bourse listing after years on the French second market, Cap Gemini now has a stock market value of FFr 8.5bn.

For CGE, the sale enables it to shed a peripheral activity only a day after it announced the acquisition of a FFr 1.5bn stake in Générale Occidentale, the conglomerate with publishing, retailing and forestry interests, from Sir James Goldsmith, the Anglo-French financier.

General Dynamics earnings up by 21%

By Our Financial Staff

GENERAL DYNAMICS, the major US defence contractor, has lifted second-quarter profits by 21 per cent, helped by higher sales of military aircraft and a lower tax provision.

Second-quarter net earnings were $125.1m, or $2.92 a share, compared with $103.5m, or $2.43, a year earlier, on sales up from $2.3bn to $2.4bn.

This took profits for the first six months to $230.5m, or $5.37 a share, from $173.6m, or $4.07, in 1986. Sales rose to $4.7bn from $4.3bn.

The company said the latest quarterly earnings were in line with expectations.

The marked increase in net sales in its military aircraft business was a result of higher F-16 production rates of 26 or more aircraft a month under a 1986 US Air Force contract and under new and follow-on contracts from allied nations.

But simultaneously earnings in military aircraft were reduced by development costs.

Mr Stanley Pace, chairman and chief executive, said: "We believe that these long-term investments are in key technologies and programmes in which General Dynamics has great strength and for which our customers have valid requirements."

General Dynamics' total order backlog reached a record $24.5bn at June 30, up from $23.7bn a year earlier. Changes in the company's tax rate meant its income tax provision was reduced by $20m in the quarter and $40m in the first six months.

Inco profits ahead in second quarter

By Robert Gibbens in Montreal

INCO, world leader in the nickel industry, increased second-quarter profits to US$13.8m from $5.8m in the corresponding quarter last year on sales of $422m against $387m.

Half-year net profits amounted to $8.8m against $3.7m previously on sales of $803m for the earlier $762m.

Per-share profits amounted to only 11 cents for the quarter and 3 cents for the six months after payment of preferred dividends.

Last year, second-quarter earnings equalled 1 cent a share while the half-year produced a loss of 5 cents.

The Montreal-based group said that its primary metal operations had benefited from higher metal prices in the second quarter, posting net earnings of $58m, up from $36m a year earlier.

The average realised price for nickel was $2 a lb in the latest three months, up from $1.85 in the first quarter, but down slightly from a year earlier.

The second-quarter returns include a gain of $3m, against $11m last time, from the sale of securities.

Goodyear recovery accelerates

RECOVERY at Goodyear, the world's biggest tyre manufacturer, has accelerated with second-quarter net earnings soaring to $141m from $108m, boosting first-half returns to $425.2m from $54.6m, writes Our Financial Staff.

Earnings per share equalled $6.63 against 58 cents for the half-year and $2.47 against 99 cents for the second quarter.

AIRCRAFT-MAKER PREPARES TAKEOVER DEFENCE

Boeing soars after Pickens move

BY RODERICK ORAM IN NEW YORK

SHARES in Boeing soared yesterday in hectic trading following news that Mr T. Boone Pickens, the Texas corporate raider, planned to build up a stake in the company.

The stock rose $7¼ to $53¾ on more than 4m shares traded, almost 4 per cent of those outstanding, by late morning as analysts and investors tried to work out the implications of Mr Pickens' move – the latest in a long series of audacious but not always successful challenges to the managements of leading US companies.

Boeing announced late on Monday evening that it had adopted a shareholders' rights plan to deter "coercive or unfair takeover tactics and to prevent an acquirer from gaining control of Boeing without offering a fair price to all shareholders."

The plan appeared to be prompted by notification from Mesa Limited Partnership, Mr Pickens' main corporate vehicle, that it intended to acquire stock in Boeing, the world's largest aircraft maker.

The 30-day waiting period for the filing under the Hart-Scott-Rodino Act ends today unless the US Government makes a highly unlikely intervention.

Mr Pickens will be free to buy as much as 15 per cent of its stock, Boeing believes. It does not know how much Mesa might already hold.

Analysts were generally sceptical that Mr Pickens would attempt a takeover of Boeing which has a market capitalisation of about $8.4bn at yesterday's price.

But an investment would fit in with his latest change in strategy towards minority holdings in industrial companies, although even 15 per cent would have cost him $1.3bn yesterday.

Mesa, an oil and gas partnership, and Mr Pickens have in the past made large investments in or takeover attempts of companies in the same industry.

Mr T. Boone Pickens, left, plans to build up a stake in Boeing – the latest in a series of audacious but not always successful challenges to the managements of leading US companies. He will be free to buy as much as 15 per cent of its stock.

But Boeing does not know how much Mesa, Mr Pickens' main corporate vehicle, might already hold.

Although energy prices are rising, it is still hard for Mesa to meet its payout of $2 per partnership unit and it could face a cash flow shortage of around $45m this year, analysts calculate.

Consequently, Mesa has been building up stakes in companies outside oil and gas in the hope that the investment income will help meet its cash needs. Mesa shareholders recently approved a change in their partnership agreement allowing the investments.

Current holdings include shares in USX, Colt Industries, Burlington Northern and Owens-Corning Fiberglas. No comment was available yesterday from Mesa or Mr Pickens on their intentions with Boeing.

Boeing is an attractive target for takeover or investment appreciation because its shares have substantially underperformed in the market. Before yesterday's big leap they were trading near their 52-week low of $42¾.

Even after the jump they still trade at only 18 times historic earnings against 23 for the Standard & Poor's index of 400 industrial shares.

Investors have been disillusioned by the company's long run of declining earnings, which was extended to a fourth quarter by release on Monday of its latest results.

Net profits for the three months ended June 30 fell 30 per cent to $117m, or 75 cents a share from $169m, or $1.09, a year earlier.

First-half profits were $235m, or $1.51, against $317m, or $2.04. Revenues were $3.48bn against $4.03bn in the quarter and $7.24bn against $7.55bn in the half.

An increase in R & D expenses to $399m in the first half from $329m a year earlier was the main reason for the deterioration, Boeing said. It received aircraft orders for $7.6bn in the latest quarter, taking the "firm backlog of unfilled orders" to $29.1bn at June 30 from $26.4bn a year earlier.

In adopting the plan for shareholders' rights, Boeing acknowledged it was vulnerable to short-term weakness in its share price because of its long production cycles.

The rights plan is of "paramount importance" because of the company's long-term need to "allocate significant financial resources to fund research and development expenses, inventory build up and plant and equipment," said Mr Frank Shrontz, president.

The heavy spending on new civilian and military aircraft programmes should begin to pay off for Boeing by the end of the decade. Meanwhile, it has healthy cash reserves of $3.3bn and is widely admired for its products and the way it is run.

The "poison pill" defence, triggered when a raider gets 20 per cent of Boeing's common shares, gives shareholders the right to buy junior preferred stock at a nominal value. The stock could only be redeemed in a takeover at a greatly inflated price.

Analysts say Boeing has plenty of other financial room for manoeuvre, such as a recapitalisation, because it has more than $5bn of shareholders' equity but less than $300m of long-term debt.

But the best guess of traders and analysts at the moment is that Mr Pickens has staged the theatrics of a Hart-Scott-Rodino filing to help him make a stock play.

They are highly doubtful the Texas oil man has either the resources or the intention to mount a serious challenge to the company which produces half the world's airliners.

Reynolds buys into Péchiney's Quebec smelter

By Paul Betts in Paris

REYNOLDS Metals, the US aluminium group, has acquired a 25.05 per cent stake in the Becancour aluminium smelter in Quebec by buying half of the controlling interest from Péchiney, the French state aluminium group.

Péchiney said yesterday that Reynolds would enter into the Becancour project by making a $87.5m cash payment and taking on $142.5m worth of Péchiney debt in the project. This amounts to half the debts which Péchiney Québec assumed to finance the project. Péchiney, which is in the throes of major restructuring, had been negotiating since last year the sale of part of its stake in Becancour to Reynolds.

The agreement will now reduce the French group's financial exposure in Becancour from $460m to $230m, the company said.

Shareholders in the Becancour plant, which came into production last year, now include Péchiney and Reynolds with 25.05 per cent each, as well as Alumax and SGF, a Quebec government-controlled company with 24.95 per cent each.

The entry of a new partner in the project is now expected to enable the 230,000 tonnes a year smelter near Montreal to consider expanding capacity with a third potline, Péchiney said.

However, the capacity increase will hinge on negotiations with Hydro-Quebec on the energy supply contract for the plant.

Agnelli eyes Monte Carlo TV network

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN business empire headed by Mr Gianni Agnelli, chairman and majority shareholder of Fiat, is understood to be interested in acquiring a share stake in Telemontecarlo, a small Monte Carlo-based private television network which broadcasts to Italy.

The Rizzoli-Corriere della Sera publishing group, which is majority-owned by Gemina – a financial vehicle which in turn is indirectly controlled by Fiat – has been holding preliminary negotiations with Rete Globo, the Brazilian concern which holds 90 per cent of Telemontecarlo, say sources close to the talks.

RAI, the Italian state television service which owns 10 per cent of Telemontecarlo, has not been informed officially, but RAI executives in Rome are aware of Rizzoli's movements.

In Milan, Rizzoli had no comment.

Mr Agnelli has often said he is not interested in buying into the television market. Rizzoli's interest in Telemontecarlo, which could be the harbinger of a larger project, is thus an apparent change in policy.

It was learnt yesterday that Rizzoli has been discussing the purchase of an initial minority stake in Telemontecarlo, possibly up to 49 per cent. Rete Globo, the majority owner of Telemontecarlo, is Brazil's biggest television concern.

American Express to buy back 40m shares

BY WILLIAM HALL IN NEW YORK

AMERICAN EXPRESS, the US financial services group, has followed in the footsteps of several other major US blue-chip companies, such as Coca-Cola and Philip Morris, and said it would buy back 40m of its shares – a move which could cost it more than $1.4bn.

American Express, whose share price has been stagnating in recent months, said on Tuesday that its board of directors had authorised the occasional re-purchase, over the next two to three years, of up to 40m shares, or 9.3 per cent of the company's 429m shares.

Mr James Robinson III, American Express' chief executive, said that buying back shares was "an attractive investment and a solid way to build shareholder value."

The latest action extends and doubles an existing October 1985 repurchase programme, under which the company had bought back 39.8m of the 40m shares authorised at an average price of $29.59.

Continental Illinois brings in Theobald

BY OUR NEW YORK STAFF

MR TOM THEOBALD, a vice chairman of Citicorp, has been appointed chairman and chief executive of Continental Illinois, the big Chicago bank which was bailed out by the US Government after a massive run on its deposits in 1985.

Mr Theobald, aged 50, was one of the contenders for the top job at Citicorp when Mr Walter Wriston retired three years ago, and although he has continued to serve loyally under Mr John Reed, Mr Wriston's successor, his name has been frequently canvassed for many of the the top jobs in US banking.

His appointment as chairman and chief executive of Continental Illinois Corporation and its main subsidiary, Continental Illinois National Bank and Trust Company of Chicago, follows growing anxiety in some quarters of the financial community about the pace of the recovery of America's 12th biggest banking group.

Although Continental Illinois' earnings have been recovering and it has been able to re-establish a presence in the world's money markets, there have been reports of growing friction between Mr John Swearingen, a former chairman of Amoco, and Mr Bill Ogden, a former chairman of Chase Manhattan, who were installed by the US Government to restore the fortunes of the famous Chicago bank.

Mr Swearingen, aged 68, has been known to be keen to retire as chairman of Continental Illinois Corporation, and Mr Ogden resigned as chief executive of the bank earlier this month after it became clear that he was not going to be given command of the overall group on Mr Swearingen's retirement.

Mr Swearingen said yesterday that it was "important to Chicago for Continental to regain its status as a vibrant, innovative, successful and publicly owned member of the financial and business community and Tom will play a key role in bringing this about."

Citicorp, the biggest US banking group, moved quickly yesterday to fill the vacuum left by the departure of Mr Theobald, who had worked at the group for 27 years and was the youngest of the group's three vice chairmen under Mr John Reed, aged 48.

Mr Michael A. Callen, aged 47, currently in charge of Citicorp's North American Institutional banking activities, will replace Mr Theobald as head of Citicorp's investment banking operations.

He has been elected a director of Citicorp and Citibank but will not replace Mr Theobald as chairman of the group's finance committee.

Mr George Davis, aged 52, who spent 23 years with Citicorp before joining First Chicago, is to rejoin Citicorp and will take over Mr Callen's responsibilities as group executive in charge of North American Finance group.

Mr Reed said on Monday that "Tom and I have had an understanding for several years that, after Citicorp's investment banking activities were successfully launched, he would be pursuing new professional interests. Tom has been a tremendous help to me during the last three years, and we have accomplished a lot."

INTL. COMPANIES and FINANCE

First Capital faces full UIC bid

BY ROGER MATTHEWS IN SINGAPORE

UNITED INDUSTRIAL Corporation, the Singapore-based conglomerate, can expect on yesterday's evidence to be cheered all the way to the finishing line following its announcement that, having acquired a 23 per cent stake in First Capital Corporation, the troubled property company, it intends voluntarily to make a full bid.

The Straits Times industrial average, which had shed more than 23 points on Monday on news that First Capital shares had been suspended for the fourth time in two weeks, bounded ahead 38.92 to close at 1,377.29.

Shares in First Capital put on 20 cents to S$2 while United Industrial added 17 cents to S$3.91.

UIC, whose chairman is Mr Lee Kim Yeu, brother of the Prime Minister, has reached agreement with First City Holdings, the private investment company of Mr Allan Ng, to acquire its 23.9 per cent stake in First Capital on the basis of one new UIC share for two First Capital shares.

Assuming that various approvals are forthcoming, UIC will then offer the same terms for the remainder of First Capital. UIC said yesterday that the acquisition of First City shares in First Capital would, if completed, increase the net tangible asset per share of UIC by about 19 cents.

One market analyst pointed out that by making a full bid UIC would be aiding the many small investors who during this year had helped push up First Capital's share price from 80 cents to a high of S$2.54, as well as those foreign institutions which two weeks ago acquired Standard Chartered Bank's 18.7 per cent stake in First Capital for S$2.30 a share. They had the unhappy experience of seeing their investment decline in value by more than a fifth within days.

The fall of more than 50 cents in the First Capital share price was triggered by the news that the Commercial Affairs Department of the Ministry of Finance was looking into the original share dealings through which First City acquired its stake in First Capital, then called Seallon Hotels.

The speed of the market's reaction caused concern at senior levels and the UIC offer was put together at the weekend in great haste. The Commercial Affairs Department has yet to make a statement about its inquiries. But whatever its findings, their impact on overall market sentiment is likely to have been diminished.

If the bid goes through, UIC will at a stroke have become a substantial force in the Singapore property market in addition to extensive other interests. It announced on Monday that it had also reached agreement with United Overseas Land on a joint venture to acquire Goldhill Square, another prime Singapore property, for S$216.5m (US$102.6m).

The driving force behind the company is Mr Oei Hong Leong, its chief executive, who holds a 23 per cent stake.

UIC started life in 1963 manufacturing detergents in a joint venture with the Government, but really took off in the early 1980s with the arrival of Mr Oei. Its interests now range from chemicals, electronics and trading to investment management, gold mining and shipping.

Rustenburg confirms plans for Lebowa

By Our Johannesburg Correspondent

RUSTENBURG Platinum Holdings, South Africa's largest platinum producer, has confirmed plans to develop its Atok mine and its Manndagshoek prospect in Lebowa, the black "homeland."

Atok's name is to be changed to Lebowa Platinum Mines (LPH), the mine's property is to be extended into neighbouring ground and the ore production rate is to be almost doubled over the next two years to 50,00 tonnes a month.

The Lebowan authorities, which control the homeland's minerals, have given LPH two years to complete the geological and technical investigation of the Maandagshoek property, some 40km south of Atok. Once the investigation has been completed, LPH will have three months in which to decide whether to establish a mine on Maangadagshoek to mill 50,000 tonnes a month of platinum-bearing ore there.

If LPH doubles Maandagshoek's production rate to 100,000 tonnes a month within five years of establishing mining operations, the Lebowan Government will grant it exclusive mining rights on the Hoepakrantz and Nooitverwacht farms, which stretch southwards from Maandagshoek.

The parastatal Lebowa Development Corporation (LDC) will be given 7.5 per cent of LPH's equity and has the right to buy a further 5 per cent. LPH will eventually be listed on the Johannesburg Stock Exchange, with 15 per cent of the shares being offered to Lebowan citizens.

The agreement is novel for the platinum industry. Until now Rustenburg has not divulged production rates at any of its mines and it has acquired extensive platium mineral rights in South Africa and its black territories, principally to prevent other companies entering the platinum business.

The Lebowan Government has been concerned for several years that this strategy effectively sterilised the impoverished homeland's platinum reserves and decided earlier this year to give Rustenburg the opportunity of developing its mineral holdings or losing them altogether.

Masonite cuts S Africa holding

BY JIM JONES IN JOHANNESBURG

MASONITE, the Chicago-headquartered building products manufacturer owned by USG, is undertaking an indirect and partial divestment from South Africa.

The American parent owns 68.2 per cent of its South African subsidiary which, in turn, has a wholly owned subsidiary in Britain. The intention is to transfer 55 per cent of the UK company's equity to the US parent, thus reducing the assets owned through South Africa.

In South Africa, Masonite's sales are growing comparatively slowly in an oversupplied building products market. Turnover rose by 10 per cent to R31.3m ($15.1m) in the first half of this year, which the directors say is satisfactory as demand for mineral fibre ceiling products is depressed by low office block construction starts.

The interim pre-tax profit increased to R5.1m from R3.4m, net earnings were 54 cents a share against 37 cents and the interim dividend has been lifted to 45 cents from 13 cents.

Last year's total turnover was R69.0m, the pre-tax profit was R8.3m, net earnings were 90 cents and the year's dividend was 40 cents.

● Metal Closures, the 77 per cent-owned South African subsidiary of the British Metal Closures Group, increased interim sales by nearly 40 per cent to R43.4m from R31.1m, while pre-tax profit rose to R5.7m from R4.3m.

The directors do not expect profits to increase as rapidly in the second half. First-half net earnings were 109.3 cents a share against 83.8 cents and the interim dividend has been lifted to 41 cents from 36 cents.

● Blue Circle, the smallest of South Africa's three cement makers, lifted turnover and profits in the first half of this year largely because of higher sales of building materials.

Interim turnover rose to R176m from R146m and the interim pre-tax profit increased to R17m from R1.9m. In 1986 the year's turnover was R301m and the pre-tax profit R17.3m.

First-half net earnings rose to 64 cents a share from 12.3 cents and interim dividends have been resumed with a payment of 20 cents. Last year's total earnings were 72.6 cents and a single dividend of 38.5 cents was paid.

Blue Circle is controlled by Blue Circle Industries of the UK and Gencor, South Africa's second largest mining house.

Amcor chief hits at Australia-NZ curbs

BY CHRIS SHERWELL IN SYDNEY

SHORTCOMINGS in trade and commerce legislation are preventing the establishment of enterprises between Australia and New Zealand, according to Mr Stan Wallis, managing director of Amcor, the Australian timber, pulp and paper group.

His own company's proposed merger with New Zealand Forest Products (NZFP) and another between Goodman Fielder of Australia and Wattie of New Zealand have both been stalled in the present regulatory framework.

Amcor's application is still before the New Zealand Commerce Commission after five months. Its draft report was negative, but a final decision is due shortly. In the Goodman Fielder-Wattie case, the commission's rejection of the merger is currently being appealed through the courts.

The New Zealand commission operates on a "prior clearance" basis, in which it must approve merger and takeover proposals in advance but has no power to negotiate a compromise or to accept undertakings. Australia's Trade Practices Commission, by contrast, strikes down mergers which would result in market dominance.

Mr Wallis said in Sydney yesterday there was a "sizable gap" between the political rhetoric of Closer Economic Relations (the name given to the bilateral agreement encouraging free trade between the two countries) and the reality of both countries' trade and commerce legislation.

Commerzbank profit lower at mid-term

BY HAIG SIMONIAN IN COLOGNE

COMMERZBANK, West Germany's fourth largest bank, reported group partial operating profits for the first half of 1987 of DM 31m ($287m).

The bank did not give figures for the same period last year, but said the results were 9.7 per cent below one half of its partial operating profits of around DM 1.1bn for 1986 as a whole.

The downturn, which was expected, is clearer at parent bank level, where Commerzbank's DM 309m partial operating profits in the first six months of 1987 were sharply below the DM 437m earned in the first half of 1986.

However, Commerzbank's total operating profits, which include earnings from own-account trading, declined less steeply at both group and parent bank level, said Mr Walter Seipp, the chief executive.

The decrease reflects the less favourable market conditions facing all the German banks this year.

Competitive pressure on Commerzbank's interest margin was offset by higher business volume, meaning that its interest income of DM 1.08bn at parent bank level for the first six months of 1987 remained static

However, commission earnings of DM 457m in the first half of this year fell below the DM 478m reached in the corresponding period of 1986 reflecting the lacklustre conditions on the German stock market this year. Nevertheless, the result was "gratifying" in view of the circumstances, said the bank.

Commerzbank's profits for 1987 as a whole are likely to be some way below the record for 1986 on account of the less favourable banking climate and lower results from own account trading.

However, the year's profits will be boosted by realised gains, said Mr Seipp, including the sale of its 35 per cent stake in Sachs, the motor components company, to Mannesmann.

Bank board to investigate share dealings in Gambro

BY SARA WEBB IN STOCKHOLM

SWEDEN'S Bank Inspection Board said yesterday that it would investigate recent transactions in the shares of Gambro, the Swedish manufacturer of kidney dialysis equipment, to see whether there has been a breach of the country's regulations concerning the use of inside information.

Last Friday, Gambro announced that it had agreed to acquire the Hospal Group, a Swiss based company which makes artificial membranes and machines for kidney treatment, for SKr 1.2bn ($185.8m).

Mr Kjell Arvidsson, a department head at the Bank Inspection Board, said that the Board had noticed "a substantial increase" in the level of trading in Gambro shares immediately before the Hospal agreement was made public, and that it had decided to investigate whether any Gambro employees had made use of inside knowledge about the impending deal.

Turnover in Gambro shares moved from around the 1,500 level earlier in the week to over 20,000 on Thursday (the day before the deal was announced), and the share price moved from SKr 126 on Wednesday to close at SKr 134 on Thursday.

The Bank Inspection Board has recently investigated a number of takeovers where shares of the target companies showed strong increases in price and trading volumes shortly before the takeover plans were made public.

Wolters will not lift terms for Kluwer

Wolters Samsom, the Dutch publishing company, does not plan to raise its friendly takeover offer for Kluwer despite the move on Monday by Elsevier to improve the terms of its offer, writes Laura Raun in Amsterdam.

In a confident statement yesterday Wolters Samson insisted that its current stock-and-cash tender offer is "clearly better" than the sweetened stock-and-cash tender offer by Elsevier, also a publisher.

Future prospects of a Wolters-Kluwer combination are favourable, the company reminded the market, noting that earnings per share should leap by 20 per cent to Fl 7.50 this year while the equity-to-assets ratio would average 35 per cent over the coming three years.

But the market appeared sceptical of the proposed merger yesterday and the worth of Wolters Samson's bid lagged behind Elsevier's competing offer and Kluwer's share price most of the day.

Elsevier's aggressive move so close to the end of Wolters Samson's tender offer was generally expected to force the latter to lift its bid for a second time. Wolters Samson's recommended offer expires tomorrow and the company will announce on Friday whether it has received the 51 per cent or more of Kluwer's common stock declared necessary for a consummation of the merger.

Wolters Samson is offering two of its common shares plus one cumulative preferred share and Fl 50 in cash for each Kluwer ordinary share while Elsevier is offering five common shares plus Fl 175 in cash.

Through open market purchases Wolters Samson has acquired about 5 per cent of Kluwer's common stock and Elsevier at least 30 per cent.

Publishing bid battles have highlighted the inadequacies of investors' rights. **Laura Raun** reports

Takeover tactics irk Dutch shareholders

DUTCH SHAREHOLDERS are likely to gain more say in the running of their companies as a result of the Fl 1bn ($478.5m) hostile takeover battle engulfing the local publishing industry.

Elsevier, the second largest Dutch publisher, is waging a takeover tussle without precedent for its smaller rival Kluwer in a scrap that has pitted management against management with little regard for investors' wishes.

In part the disregard has arisen because contested bids in the Netherlands are so rare that shareholders do not really know how to react to them. But the wrangle has also served to highlight a number of regulatory anomalies.

Dutch shareholders have virtually no guaranteed rights other than voting on changes to articles of incorporation and dividend proposals: and Dutch disclosure rules are lax and the voluntary code for mergers is vague.

Even if investors wanted to oppose management there is little under the existing regulatory structure that they could do about it.

Board members and supervisory commissions have immense powers under the limited liability structure, including the creation of steely defences against unwelcome takeovers. These anti-takeover devices are so easy to put in place that few domestic or foreign companies have ever attempted to acquire a Dutch company against its will.

This golden era of corporate oligarchy, however, is probably in its *fin de siècle.*

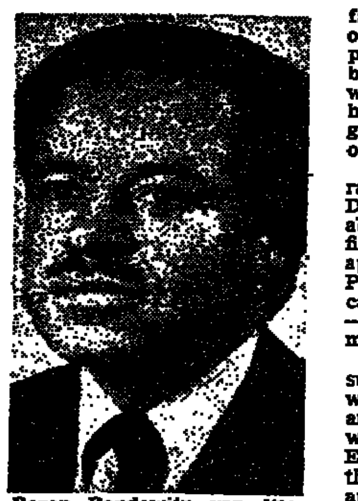
A prestigious panel appointed by the Amsterdam stock exchange two years ago to study shareholders rights and protection is to report back by the end of this year. The unsightly scramble taking place in the publishing industry is expected to fuel calls for broader rights for investors and narrower ones for managers.

Baron Boudewijn van Ittersum, the chairman of the Amsterdam bourse, believes it is finally time that investors got more say in the running of companies. "I agree there is a case for strengthening shareholders' rights to bring them into better balance with those of managers and workers," he said during a recent interview.

He also suggested that more mergers, including contested ones if waged in an orderly fashion, could promote more efficient capital formation, better corporate performance and more precise company valuation. "Our main concern is to avoid dawn raids and ill-considered takeovers," he explained. "There must be procedures whereby a company has to make its case clearly and to consult with the shareholders and employees."

The Dutch were among the pioneers of share ownership but the democratic system of one share-one vote eventually gave way to an oligarchi system in which certain shareholders, often company directors, gained control of special rights through "priority shares."

Priority shares give holders the right to veto changes in the incorporation articles, capital and supervisory board membership. The guiding principle in the Netherlands today appears to be that the corporate manager is entitled to run a company just about any way he sees fit.



Baron Boudewijn van Ittersum: 'There is a case for strengthening shareholders' rights'

By contrast, shareholders in the US and UK have guaranteed rights to vote on the company management, financial accounts and amendments to articles of incorporation. Requirements in London and New York for the disclosure of market-sensitive information are much more stringent.

One side-effect in the Netherlands of weak shareholder rights is that poor managers face little threat of being ousted. Equally, troubled companies have less chance of being rescued and turned round while successfull companies have limited opportunities for growing stronger through takeovers.

At the moment the wide range of controls available to Dutch managers include the ability to approve their own financial accounts and to appoint own successors. Priority and preferred shares can be parked — even secretly — in "foundations" friendly to management to protect control.

Kluwer's secret creation of such a friendly foundation where its "crown jewel" of tax and legal publishing businesses were placed out of the reach of Elsevier eventually exceeded the patience of the bourse authorities. Kluwer was ordered to partially dismantle its foundation.

But Kluwer's first line of defence remains in place. Only 36 per cent of its capital is freely traded common stock so that Elsevier will control only a minority stake even if it gets all the ordinary shares. The remaining 64 per cent of the capital is represented by preferred stock placed in friendly hands, plus priority stock.

Another commonly used Dutch defence tactic is the use of share certificates, which sometimes are not convertible and may have only indirect voting rights. An "administration office" controls the shares but has no legal obligations to represent shareholders' interests.

The use of administration offices, friendly foundations and preferred shares has yet to be tested in the Dutch courts to establish the boundaries of abuse. Elsevier has long been expected to approach the courts in order to prise open the Kluwer defences. But for the moment it still insists that moral persuasion rather than legal force is the best way of achieving an amicable merger with Kluwer.

The Amsterdam stock exchange, in appointing the panel to study shareholders rights and anti-takeover devices, already has indicated that it wants clearer guidelines for acquisitions. The European Community is struggling to forge a common position that would require companies to publicly announce when they have acquired a certain stake in another concern. But six different thresholds are on the table.

The Amsterdam bourse also wants to see foundations distance themselves more from the company whose shares they hold and to allow only convertible share certificates. Shareholders' rights should be protected so that if a majority supports a takeover they can prevail against management, the exchang contends in an official booklet.

"We're for a more equitable distribution of power," agrees Baron van Ittersun, "but we aren't in favour of shareholders having the last word. That leads to short-sightedness and then you get trading in companies.

"The rules now favour managers and in the past workers were favoured. Now its the shareholders' turn."

BA Investment follows the spin-off trail

Barry Riley explains why a Bank of America offshoot is going it alone

THE BUYOUT of Bank of America's London-based international investment management offshoot is the latest in a series of fund management spin-offs from big financial groups. For instance, Warburg's subsidiary, Mercury Asset Management, gained a separate stock market listing earlier this year.

In BA's case the much-publicised problems of the parent have probably increased the attractions of independence for the fund managers. But from the bank's point of view, the money received (which in any case is undisclosed) is insignificant in the context of its doubtful debt problems.

BA Investment Management International is to become Worldinvest, 51 per cent owned by its executives and 49 per cent owned by Monarch Capital, the US insurance company, which is acquiring the stake as a venture capital investment.

Although located in London and with a British staff, BA Investment is virtually unknown in the UK domestic market. Of the $1.8bn it manages, rather more than half is for US pension fund clients, and the rest is for supranational agencies, international banks and captive insurance companies.

It is mainly a bond management house, this business accounting for around $1.4bn of the total, but it has moved increasingly into equity accounts, which now total $1.4bn.

Its main claim to fame is in its achievement in topping the performance league tables, coming first in world equity management over the past five years, and also first in world fixed income portfolios, over one to four years, in both cases in terms of universes monitored by Frank Russell International.

BA Investment has scored with an aggressive, top-down investment method, in which asset allocation decisions are made in accordance with macro-economic analysis.

For instance, there is a radical approach to currencies. "We always tell people to separate out the currency decision," says Mr Keith Brown, decision," says Mr Keith Brown, the managing director. "We do not necessarily own the currencies in which we hold assets."

The company was created as a specialist institutional fund management subsidiary in 1983, when Bank of America channelled its private client business elsewhere in the group.

BA Investment has adopted a fully global approach, and will now seek to market this strategy in other areas, including mutual funds, which were a banned activity under US regulations so long as it was owned by a US bank.

Already BA Investment is in the process of launching a global balanced mutual fund in Canada, and it could start a similar unit trust in the UK before the end of the year. It is also hoping to sign up its first UK pension fund client very soon.

It defines a global balanced fund as having the freedom to invest worldwide in both bonds and equities. It will thus firmly capture the basic asset allocation decisions which have been surrendered by today's multitude of specialised managers. However, it is willing to offer a non-UK as well as a fully global product to UK pension funds.

The spin-off from Bank of America is regarded as having three advantages for the company, which intends to change its name to Worldinvest by September, when the deal is due to be completed.

● It frees the investment management business from the curbs imposed by US bank regulators.

● Independence will make it clearer to clients that there can be no conflicts of interest, for instance in regard to Bank of America's activities as a market maker in bonds.

● It will be easier to recruit and retain good staff if they can be offered equity stakes in an independent business.

Hypobank plans London securities unit

BY HAIG SIMONIAN IN FRANKFURT

BAYERICHE Hypotheken- und Wechselbank (Hypobank), the large West German bank based in Munich, is to set up a securities trading unit in London alongside its existing branch.

The new London office, which will become operational early next year, will start by trading Deutschemark-denominated Euro and domestic bonds, said Mr Wilhelm Pfeiffer, a member of the board.

According to plans which have only just been agreed by the bank's managing board, sterling Eurobond trading will follow. Hypobank may also later trade Eurodollar bonds from London, though "we will do what we can do best" to begin with, said Mr Pfeiffer. The bank already trades non-D-Mark securities from its offices in Munich or Frankfurt.

British and German equity dealing could well follow, though the bank is adopting very much a "step by step" approach, said Mr Pfeiffer.

The new office, which will start with a staff of about 10, follows steps by Deutsche Bank and, most recently, BHF Bank, to set up capital markets operations in London.

Hypobank's decision, though on a smaller scale, again illustrates the growing importance of London as a trading centre for German securities, which has been encouraged by the continued existence of the *Boersenumsatzsteuer*, the stock exchange turnover tax.

The German Government has so far failed to honour its election pledge to abolish the tax, which represents "an indirect subsidy for the London stock exchange," said a member of Hypobank's board.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on July 28

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.14
All Nippon Air 9⅞ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	9.47
A/S Eksportfinans 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.10
A/S Eksportfinans 7¼ 92	150	94	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9¼ 94	100	102	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅞ 96	250	[illegible]	[illegible]	[illegible]	−1	9.35
Campbell Soup 10½ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	9.36
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10¾ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.62
CCCE 7⅛ 91	115	[illegible]	95	[illegible]	[illegible]	[illegible]
CNCA 7¾ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 8¾ 93	200	[illegible]	[illegible]	0	[illegible]	[illegible]
Credit Lyonnais 9 91	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	[illegible]
Credit National 9⅞ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7¾ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 7¾ 92	500	[illegible]	93	[illegible]	[illegible]	9.18
Denmark Kingdom 8¾ 92	300	[illegible]	[illegible]	0	[illegible]	[illegible]
EEC 7 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8¾ 96	100	[illegible]	[illegible]	0	[illegible]	9.15
EEC 7¾ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	9.33
Finland 7½ 93	200	[illegible]	[illegible]	[illegible]	0	[illegible]
Ford Motor Cred. 10½ 91	150	[illegible]	[illegible]	0	[illegible]	[illegible]
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	0	0	[illegible]
Gen. Elec. Cred. 10¾ 00	200	[illegible]	[illegible]	[illegible]	0	9.78
Hoesch 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	[illegible]
Hoesch 7⅞ 94	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 8¾ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	9.10
Liberty Mutual 8½ 96	150	[illegible]	[illegible]	0	[illegible]	9.46
LTCB of Japan 8 91	100	[illegible]	[illegible]	0	[illegible]	[illegible]
LTCB of Japan 8 97	200	[illegible]	[illegible]	0	[illegible]	[illegible]
Mercds.-Benz Cred. 7½ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mercds.-Benz Cred. 8¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Fin. 7⅞ 93	100	[illegible]	[illegible]	0	−1	9.36
Mutual America 7⅞ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.16
Norway Kingdom 7¾ 91	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepsico Inc. 7⅞ 93	200	[illegible]	[illegible]	0	0	[illegible]
Qantas Airways 10⅞ 95	140	[illegible]	[illegible]	[illegible]	[illegible]	9.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅞ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	4.85
EIB 4⅝ 94	40	[illegible]	[illegible]	[illegible]	0	5.53
Elec. de France 5⅞ 94	20	98	[illegible]	[illegible]	[illegible]	5.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SmithKline maiden issue faces difficulties

By Clare Pearson

SMITHKLINE BECKMAN, the US pharmaceutical company, tried to make its debut in the Eurodollar bond market yesterday, but the attempt appeared to have misfired as dealers found its issue too expensive.

The $100m deal followed a number of successful Eurodollar deals in recent days, and was launched against a background of early strength in the US Treasury bond market.

But Credit Suisse First Boston as lead-manager priced the 8¾ per cent five-year bond to give an initial yield spread of only 64 basis points over US Treasury bonds, which looked highly aggressive compared with such bonds as the recent five-year for Finnish Export Credit, issued at 60 basis points over the Treasury curve.

So dealers pushed the price as low as less 2¾ bid at one point, though it ended the day at less 2 bid according to the lead-manager.

CSFB defended the pricing by saying that it was largely directed at retail investors and could be compared with

INTERNATIONAL BONDS

a recent bond for Coca-Cola Enterprises which was now trading at levels to give a yield below Treasuries. The bond was priced at 101¾.

Nomura International made a point in the market for dollar bonds bearing warrants to buy Japanese equities with a $200m issue for Showa Denko—the first in the recent spate to carry an indicated coupon pitched above 3 per cent.

The coupon indication of 3¼ per cent was believed to be the result of lengthy discussions. Nomura said it was pleased that Showa Denko had responded to weakness in this sector of the market by agreeing to a higher level.

The increase appeared to be successful, as the five-year par-priced issue was quoted at less 2 bid, within fees of 2¼ per cent.

Nikko Securities meanwhile gave a 3 per cent coupon indication for its five-year equity warrants deal for Mitsubishi Metal. This traded at around its total fees.

Nervousness afflicted the Australian dollar bond market after a weakening in the currency yesterday, but ANZ Merchant Bank launched an A$50m 13¾ per cent three-year deal for Landesbank-Schleswig-Holstein, priced at 101¾.

Privatbaken found a firm response in the Danish kroner market for a DKr 500m four-year zero-coupon deal for Mortgage Bank of Denmark. The bond, which was priced at 68 to provide a yield net of fees of 10.69 per cent, traded within 1¾ per cent fees at less 1 bid.

Prices in the D-Mark market eased by between ⅛ and ¼ point in quiet turnover.

Deutsche Bank announced a DM 200m eight-year bond for European Investment Bank, the first straight D-Mark issue for over three weeks. Dealers speculated that its timing might have been prompted by fears of rising interest rates, as the bond has long been expected.

The bond's coupon was fixed at 6¼ per cent, which dealers said seemed optically slightly low although the bond was priced at a discount at 99¾. It was a bid just outside 1¾ per cent fees at less 1.80.

In Switzerland, prices remained unchanged in light volume. Swiss Bank Corporation led a SFr130m par-priced five-year convertible for Sanyo Kokusaku Pulp, carrying an indicated ⅜ per cent semi-annual coupon.

● J. Henry Schroder Wagg said it was extending its exchange offer for perpetual floating rate notes till 9 am on August 6, mainly at the request of Japanese holders of perpetuals. The offer had been due to close on Friday.

Salomon buys Y30bn paper

By Yoko Shibata in Tokyo

SALOMON BROTHERS is believed to have purchased Y30bn ($200m) in the latest series of two-year government bonds, or nearly 12 per cent of the total bids of Y254.2bn accepted by the Ministry of Finance.

A total of 11 foreign securities houses, including Salomon, First Boston and Goldman Sachs are estimated to have purchased 43.6 per cent of the two-year government bonds, or nearly 17 per cent of the total bids. Daiwa Securities is estimated to have purchased Y20bn and Yamaichi Securities Y15bn.

The MoF offered the 34th series of medium-term government bonds for competitive bidding on Monday, with a coupon rate of 3.3 per cent, up 0.2 percentage point from the previous issue.

BIS sees slower interbank lending

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE BANK for International Settlements, the Basle-based clearing house owned by the world's leading central banks, has predicted a slowdown at last in the rapid pace of expansion of international interbank lending.

The interbank market, where banks lend to one another, has been growing at an unprecedented rate over the last two years, expanding by $182.5bn in 1985 and $448.5bn in 1986. At the end of the first quarter of this year, the market stood at an extraordinary $2.187.2bn.

BIS figures released yesterday, however, showed interbank lending among its reporting banks, which include those based in most of the world's main financial centres, grew by a modest $47.9bn in the first quarter. This compared with $194bn in the final 1986 quarter and suggested a more than seasonal slowdown in the interbank market's growth.

Apart from the seasonal unwinding of the traditional year-end window dressing by European banks, growth slowed because Japanese banks moderated their interbang activity. This was partly because they reduced arbitrage operations in the interbank market as expectations diminished of further dollar interest rate declines. The end of a phase-in period for the rebooking of loans to Japan's new offshore market also contributed to the slowdown.

Interbank business involving banks in the US (excluding business conducted with Japan) contracted by $18.1bn in the quarter, due to a sharp reduction in claims between the head offices of US banks and their foreign affiliates, the BIS said. This was unexplained.

The BIS expectation of a more general slowdown, however, is based on its belief that the sharp growth of the last two years has been due to temporary factors:

● The build-up of interbank balances associated with the Japan Offshore Market, which are unlikely to persist.

● Deregulation has allowed a rapid expansion of bank portfolios, particularly those of the Japanese banks which had hitherto been restricted. The effects of this seem bound to decline.

● New capital adequacy requirements introduced last year in Japan are expected to lead to some reassessment of its banks' growth-oriented policies in international markets.

● The sharp depreciation of the US dollar since 1985 is unlikely to be repeated. This had provided an important engine for growth in dollar business for banks with non-dollar capital, and their capacity to expand dollar business further would thus decline.

However, some factors which contributed to the interbank market's growth will continue to have an effect, the BIS said. These include currency and interest rate uncertainties and external imbalances, exemplified by the large US current account deficit, which are unlikely to disappear in the foreseeable future.

Banks will also continue to use the interbank market to finance their growing portfolios of international securities.

"On balance, it seems probable that interbank activity will continue to play a major role in international financial activity, even though a slowdown in its pace of expansion is likely . . . and also desirable," the report states.

Although the evolution of the market since 1982 suggests its resilience to such shocks as the international debt crisis, the interbank market has expanded substantially in recent years relative to banks' capital and other financial aggregates, it said.

"The market's potential for transmitting destabilising influences across the world should not be underestimated," the report said. Thus, it concluded: "It is important that the market's future development should be carefully monitored, from both the macro-economic and the prudential points of view."

INTERNATIONAL BANKING AGGREGATES (US$bn)

	1985 year	1985 Q1	1986 year	1986 Q1	1986 Q2	1986 Q3	1986 Q4	1987 Q1	31/3/1987
Reporting banks' total gross extrnal assets	233.5	60.6	511.5	34.8	81.6	177.7	217.5	65.3	3,419.4
THE INTERBANK MARKET									
Total cross border claims of reporting banks of which:	182.5	58.1	448.5	28.4	62	164.2	193.9	47.9	2,187.2
Claims of banks in Japan and other reporting countries on one another	71.3	19.8	248.6	32.1	15.7	77.4	123.4	61.3	618.2
Claims of banks in the US and other banks (except Japan) on one another	44.1	17.7	70.4	−5.9	15	33.9	27.4	−18.1	528.3
Claims of banks in Europe on one another	53.9	11.5	81.4	5.5	7.4	27.2	41.3	10.2	643.1

Source: BIS

UK co-lead requirement for sterling debt dropped

BY OUR EUROMARKETS STAFF

STERLING DEBT and equity issues lead-managed by foreign-owned firms will no longer require a UK co-lead manager under new Bank of England guidelines, which are designed to update issuing procedures for sterling securities in response to the market's growth over the last few years.

In its notice, "Capital Market Issues in Sterling," published yesterday, the Bank notes that UK firms have played an important role in the expansion of sterling new issue activity.

"In the light of this progress, the Bank has agreed with market participants that the requirement for a UK-owned co-lead-manager can now lapse," the Bank says.

But the Bank expects issues to be led by a UK-based firm; foreign-owned firms will not be eligible to lead-manage sterling issues where reciprocal arrangements do not exist

Yesterday's notice also includes a formal increase in the size limit for issues by sovereign and parastatal borrowers from £100m to £200m.

Members approve Chicago exchanges' joint venture

BY OUR FINANCIAL STAFF

THE WAY is open for the Chicago Board of Trade and the Chicago Board Options Exchange, the world's largest futures and options markets, to set up an ambitious joint venture that could develop a range of mutually traded products, following overwhelming approval by members of the two bodies

The venture will make it possible for joint trading of several new futures, futures options, securities and securities options contracts. The first are likely to be specific equity index futures, which will probably be traded near to the CBOE's Standard & Poor's 100 pit—the world's busiest.

The framework of the joint venture will give full members of each exchange access to all the products traded under the joint venture agreement.

"This agreement will give the CBOT the benefits of a securities exchange and the CBOE the benefits of a futures exchange without the related costs and regulatory filings," said Mr Karsten Mahlmann, chairman of the CBOT. "

UK COMPANY NEWS

NatWest tops £250m at halfway

BY HUGO DIXON

National Westminster Bank, Britain's largest clearing bank group, yesterday announced pre-tax profits of £251m for the six months to June 30—£100m more than the market had been expecting — compared with £484m last time.

This half's profits, however, were achieved after making a £496m charge against profits for Third World debt provisions.

NatWest's results were helped by a strong performance from domestic banking, where profits grew 71 per cent to £535m pre-tax. This is understood to be split about 60.40 between personal and corporate banking.

National Westminster Home Loans, where the mortgage book grew 31 per cent to £4.5bn, contributed £37m (£22m). Lord Boardman, group chairman, group chairman, said he was not worried that the growth in lending was storing up bad debts for the future.

The bank has increased the number of current accounts by a net 160,000 over the past six months. Current account deposits as a proportion of total sterling deposits are 29 per cent compared with 27 per cent at the same time last year.

On the corporate side, NatWest claimed it is now the leading bank for small businesses with a 31 per cent share of new accounts.

The group's related banking services division also performed well, earning profits of £84m (£53m). Of this, Lombard North Central, the group's finance house, contributed £48m (£40m) and National Westminster Insurance Services, its insurance broker, added £12m (£7m).

There was strong growth from Financial Investment Services, the old tax and trustee offices which now have more than £4bn in funds under management, and registrar business. The retail stockbroking side made a small loss, but the group's eventual ambition is to have 20 per cent of this market.

Profits from investment banking at £2m (£1m) were hit by the costs of building up NatWest Investment Bank's presence in New York and Tokyo. The group refused to specify these costs, but said they would continue throughout this year and next.

There was a loss of nearly £5m from Eurobond trading and a small loss on gilts trading. These were balanced by profits from corporate finance, fund management and equity dealing.

The £370m loss on international banking (£116m profit) was a result of £496m in Third World debt provisions. This was more than the £466m the group had predicted when it announced last month its intention to make the provisions because of adverse movements in exchange rates and an accumulation of £16m in unpaid interest from Brazil and other countries.

NatWest's total Third World debt cover is £886m—or 29.5 per cent of its £3bn in loans to 35 problem countries, including South Africa. The provisions vary between 1½ per cent to 100 per cent, according to how risky the group thinks each country is.

The group made total provisions of £564m (including its provisions for domestic lending) and switched £108m from general to specific provisions. Primary capital as a percentage of total assets is 6.9 per cent.

The group is assuming it will get full tax relief amounting to £140m for loans booked in the UK. It is not assuming any tax relief, however, on the $220m (£138m) booked by its US subsidiary.

The group expects to pay tax at 36.3 per cent (38.6 per cent), giving post-tax profits of £160m (£296m). Earnings per share fell from 21p (51p) and an interim dividend of 8p (7p) has been declared.

See Lex

Acquisitions behind WPP acceleration

WPP, the small marketing services company which last month sealed an ambitious $566m bid for the esteemed New York ad agency and PR company, JWT Group, yesterday and combined news of a sharp increase in first half profits from its existing business with further details of profit improvement, account movements an dasset revaluations at JWT.

For the six-months to end-June pre-tax profits up from £450,000 to £3.3m on turnover increased from £4.4m to £37.3m.

The figures partially reflected the very rapid rate of acquisition by WPP, involving some 15 deals (aside from JWT) over a two-year period and which hav ebeen acquisition accounted.

At an earnings per share level, however, there was a significant advance—up from 4.36p to 15.11p. WPP said that the rate of organic growth in marketing services was over 20 per cent and the figures reflected an improvement in pro-forma operating margins from 7.8 per cent to 8.4 per cent.

On JWT itself, WPP revealed that the company returned to "significant profitability and satisfactory margins" in the second quarter. In the first three months, it suffered a $1.4m net loss against a $3.1m profit.

Yesterday Mr Sorrell, WPP's chief executive, pointed out that margins had improved by around two percentage points to around 9 per cent.

WPP said it had found scope for revaluing or selling assets to the tune of $10m over book value. This, according to Mr Sorrell, relates primarily to non-US property, some in Japan.

However, on the minus side, WPP also said that two JWT clients—Ford Motor Company and Chevron—had decided to reduce business with the agency in the light of the takeover.

● comment

WPP maintains that its figures were not brought forward in the light of its tumbling share price —down from over £11 at the start of the JWT bid to 880p—after yesterday's 10p rise. Still, Mr Sorrell's 24-hour trip to the UK should have smoothed some ruffled feathers: the first half advance is impressive, and compares with brokers' estimates of around £3m. But that matters little besides JWT. The return to profitability in the second half is not in itself surprising —in the previous year there was a $2.6m bounce at the net level between the first two quarters —but the margin news is encouraging. The asset revaluation should give useful flexibility, while the account shuffling will not hit until 1988. Enthusiasts reckon on £12m pre-tax this time—with £4.5m-£5m coming from five months of JWT—and perhaps £26m next. Only time will tell whether Mr Sorrell's financial skills will squeeze the additional margins out of JWT without seeing clients and staff go through the door. Yet again, his track record is spot-on, but a historic p/e of 67 times and a prospective of over 30 on 1987 earnings and 23 times on 1988's, leaves no room for error.

Aitken Hume advisers approach Panel

BY STEVEN BUTLER

MORGAN GRENFELL, the financial advisers to Aitken Hume, yesterday informally approached the Takeover Panel concerning a submission of evidence indicating that a general offer for the company may be required under the Takeover Code.

The Panel staff is now studying the materials assembled by Mr Lawrence Strenger, the Aitken Hume director whose re-election at Thursday's annual meeting is being opposed by a majority of board members.

The Aitken Hume board is scheduled to meet this morning to decide what to do formally with the submission.

The materials are designed so that the Takeover Panel can determine whether major shareholders controlling over 30 per cent of shares have acted in concert. This would trigger a requirement under the Code that a general offer for shares be made.

Mr Strenger's re-election to the board is expected to be opposed at the AGM by the Saudi Investment & Finance Corporation, represented by Mr Zaid Idilby, and Mr Lee Ming Tee, the Australia-based Malaysian financier who each control just under 25 per cent of the shares.

Under US Securities and Exchange Commission regulation, if an individual or concert party comes to control over 25 per cent of shares, this would be deemed a change in ownership, and mutual fund management contracts with Aitken Hume's US subsidiary, National Securities and Research Corporation, could be cancelled. NSR currently has some $3.5bn of funds under its management and is responsible for about 65 per cent of Aitken Hume's profits.

Weir buys Mather pump arm

BY NIKKI TAIT

Weir Group, the Scottish-based engineering group, yesterday announced that it was buying the loss-making pump manufacturing arm of Mather & Platt from Wormald International, the Australian fire protection and security compan, for an effective £11.5m.

The precise purchase price, to be paid in cash, will be equivalent to net asset value at Mather and Platt Machinery on July 27. Management accounts at end-June suggested a figure of £8.5m. In addition, Weir will take on a £3m medium-term loan to the company — its only debt. So far, the Scottish company has handed over £7.5m and the rest will be settled when acounts are completed.

Wormald acquired Mather and Platt in 1976 for £32m. The pump manufacturing arm, however, has been in the red over the past 12 months; it reported a £949,000 loss in the year to end-June.

However, Weir said yesterday that part of the company's problems appeared to stem from a policy of targeting new product sales at the oil industry.

Weir maintains that the acquisition will augment its own pump product range and that there is considerable scope for cost savings and increased orders

Extel pref offer

United Newspapers' offer for Extel Group's preference shares has lapsed after winning acceptances from fewer than 37 per cent of the shares. United will continue to pay the 10.5 per cent dividend on the 858,000 undated £1 preference shares.

Institutional shareholders snubbed United's 165p offer because the 8.72 per cent exit yield fell well short of their current consensus figure of 6.5 per cent. This would have required a price of 220p.

BAA ends brisk first day at 146p

By Richard Tomkins

First-day dealings in the shares of BAA, formerly the British Airports Authority, yesterday found market makers protecting themselves against an overloading of their settlement systems by setting unusually wide dealing spreads.

The 100p partly-paid shares opened at a mid-price of 142p and hovered between that level and 147p during the day to close at 146p. Volume was a brisk 134m trades, meaning that 67m shares changed hands—equivalent to 13 per cent of the whole 500m share issue.

Only seven securities firms made markets in the shares, compared with 20 or more on the first day of dealings in British Gas and 17 for British Airways. A week earlier 12 had been proposing to make markets, but five dropped out because of fears about the strains on their settlement systems which might be imposed by a flood of small deals.

Those remaining showed few signs of wanting to compete for volume yesterday. All set dealing spreads of 5p at the start of dealings and maintained them throughout the day. In earlier privatisation issues, the spread has customarily been 3p.

One market maker said firms were anxious to contain the level of business following the Stock Exchange's warnings about backlogs in the settlement system. "We took the view that if we were going to do business on a commercial basis, taking into account the volume, the cost of settling and any possible movement in the price, anything closer than a five-point spread would be unreasonable."

The first-day price was closely in line with expectations and proved to be less volatile than those of other privatisation issues. This was widely put down to the effect of the tender offer, which put a quarter of the issue in the hands of mainly institutional investors at an average price of 290p on a fully-paid basis.

Many small investors sold their 100-share allotments, yielding profits of around £45 each less about £15 in dealing costs. National Westminster Bank, which offered a dealing service at main branches, did a record 26,000 deals compared with 23,000 for British Gas.

The extent of the strain on settlement systems will only become apparent as the paperwork is completed over the next few days. Yesterday, however, the Stock Exchange was playing down fears of any imminent collapse.

Rockwood suspended

Shares in Rockwood Holdings, the USM-quoted industrial and security company, were yesterday suspended at 133p at the company's request, pending a further announcement.

TSB waits for Panel's decision on Hogg bid

BY NICK BUNKER

TSB, the banking group, is likely to know by lunchtime on Friday whether or not it can bid again immediately for Hogg Robinson, the new travel, estate agency and financial services group formed from a demerger of the old Hogg Robinson group.

The Takeover Panel said yesterday that it would hold a full meeting on Friday morning to discuss the situation. It said it had to consider how to apply rule 35 of the takeover code, which says that if a bid fails the bidder must wait 12 months before making another offer.

TSB's £282m bid for Hogg Robinson lapsed on Monday when Hogg's shareholders voted to back the group's plan to split its travel and estate agency side away from its insurance broking business, which has been renamed Hogg Robinson and Gardner Mountain.

TSB had planned to sell the insurance side to Dewey Warren, a Lloyd's reinsurance broker. Mr Philip Long, Dewey Warren's deputy chairman, stressed that his company had not asked the Panel to rule on the matter.

Mr Long directs insurance investments for Bell Group International, the investment vehicle of Mr Robert Holmes à Court, the Australian financier. Bell holds 42 per cent of Dewey Warren.

Mr John Hignett, a managing directors of Lazard Brothers, TSB's merchant bank advisor, said the Panel would be "breaking new ground" on Friday. This is because the wording of rule 35 makes no reference to demerger situations, and because the TSB/Hogg case is apparently unprecedented.

Lazard's argument before the Panel will be that the 12-month moratorium cannot apply because the demerger has created in effect two entirely new companies, Hogg Robinson, and Hogg Robinson & Gardner Mountain.

It is thought that this Friday's meeting will be only the second to be chaired by Mr Robert Alexander, the barrister.

Chloride reorganises in East

BY NIKKI TAIT

Chloride, the previously-troubled batteries group, yesterday announced that it plans to reorganise its Indian and south-east Asian interests into a new company, Chloride Eastern, part of which will be floated — probably on the Singapore Stock Exchange.

The reorganisation should net Chloride around £18.2m—and Merrill Lynch, the US investment bank, will underwrite the offer to guarantee the money. The company envisages Eastern acquiring its 51 per cent interest in Chloride India, the 100 per cent-owned Singapore company, the 30 per cent Malaysian interests and two other businesses in Sri Lanka and Thailand. Chloride Eastern will then float off 49.99 per cent of its shares, leaving Chloride with the controlling interest.

The deal comes alongside a "strategic alliance" between Chloride and the Indian Birla family—the highly diversified group which currently ranks as India's largest family of companies. It will, says Mr Kent Price, Chloride's new chief executive, allow the UK company to take "full advantage of market and growth opportunities in the region."

The Birla group is expected to take some equity stake in both Chloride India and in Chloride Eastern. It will also probably have some boardroom role.

Chloride says the net asset of the companies being acquired by Eastern stood at £20.8m in March, of which Chloride's interest amounted to £10.3m. The book value of the assets, however, is substanially lower, according to Mr Price. Their net profit before tax was £8.5m, and the Chloride says this figure will be unaffected by the restructuring. However, at the attributable level profit was £2.5m after tax and minorities and here there will be a small reduction as a result of the deal.

However, the money raised will go to reduce gearing—net borrowings at the year end were £24m.

The deal was signed just hours before the company's annual meeting yesterday and—in contrast to earlier years—shareholders gave the revitalised Chloride a smooth ride. With near-unanimity, they approved proposals for early conversion of convertible preference stock, removing dividend arrears and allowing the payment of ordinary dividends.

Tace held in check by US

Tace, manufacturer of electronic, electrical and mechanical control equipment, reported a slight increase from £1.71m to £1.8m in pre-tax profits for half year to March 31, 1987.

The directors said that profits from Andersen, of Atlanta, US, group were materially down due to customer confusion caused by continued delay in the promulgation of the PM10 anti-pollution regulations by the US Federal Authorities.

The regulations have finally become law and the delayed orders are now being received. sales have started to recover strongly and Andersen's profits which are still tax free will increase towards the end of the last quarter and are expected to show strong growth throughout next year.

On prospects, the directors said orders received for the group's products in all major markets show encouraging increases, output is rising, increased profits are expected in the second half and a sound basis has been laid for the next financial year.

Trading profits for the period amounted to £2.14m (£1.95m) and net interest payable was £341,000 (£242,000). Tax took £463,000 (£395,000) and outside shareholders interests £402,000 (£298,000). Earnings per share were 12.9p (14.5p).

The interim dividend is increased from 2.84p to 3p.

● comment

The City reduced its profits forecasts for Tace after the disappointment at Anderson Instruments and the US exchange rate cost Tace any but the slightest interim improvement, but the shares echoed the market's more optimistic view of the company's long term future, rising 5p to 455p. Profits from the flood of orders following the delayed passing of the new anti-pollution regulations — which are at least double previous figures — and full-year contributions from Sampling Technology and Plastic Systems should benefit next year's figures, while 52.5 per cent owned Goring Kerr's orders are running some 60 per cent higher than last year in the US and Canada. Around £3.9m is expected for the year-end, against the original figure of around £4.2m, but in 1988 expectations rise to around £5¼m. That means a prospective p/e of just under 17 will fall to around 11½, making the company look more attractive medium to long term.

Mercantile rejects Quadrex plan

BY CLAY HARRIS

Mercantile House Holdings, the financial services group, yesterday rebuffed an approach from Quadrex Securities which the London-based investment banking company claims could lead to a takeover offer worth more than British and Commonwealth Holdings' agreed terms which value Mercantile at £521m.

The Mercantile board said that Quadrex had not made any formal or detailed proposals to the board and that the concept appeared "to involve a protracted period of delay and uncertainty" which might not be in the interest of the company or its shareholders.

Quadrex yesterday outlined its plan for Mercantile, which involves the demerger and separate flotation of the US-based Oppenheimer fund-management subsidiary. Quadrex would keep all other parts of Mercantile, including the money-broking, investment banking and securities trading activities.

The B and C offer undervalued the Mercantile businesses and was vulnerable to market conditions, Quadrex said. Its own proposal would give Mercantile shareholders a choice between all cash or cash and an equity stake in Oppenheimer.

Mr Gary Klesch, Quadrex chairman, yesterday declined to discuss the financial backing for any offer. He disclosed last Friday's approach to Mercantile after B and C's advisers bought shares in the market on Monday to raise the bidder's interest to 12.7 per cent.

The Quadrex plan would scupper B and C's plan to sell Alexander Laing and Cruickshank Holdings, Mercantile's investment banking and securities operation, to Credit Lyonnais, the French bank. The subsidiary includes a stockbroker, discount house, primary UK gilts dealer, a futures broker-dealer and a leasing business.

Mercantile is today due to announce its results for the year to April. When the B and C offer was announced earlier this month, Mercantile estimated pre-tax profits of at least £40m.

B and C offered two ordinary shares and £4.50 of convertible preference shares for every three Mercantile shares. With B and C shares 1p lower at 558p yesterday, the bid valued Mercantile shares at about 552p, against a market price 1p higher at 551p.

Quadrex has been involved in a number of adventurous innovations in recent years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
BCE	‡0.6	Sept 24	—	0.6	—
Matthew Clark	5.5	Oct 9	5	9	8
Thomas Jourdan ...int	1.35	—	1.25	—	4.5
Kenyon Securities ...	‡8	Oct 1	7	12	10.4
Mount Charlotte ...int	0.7	Oct 27	0.61	—	1.63
Murray Smaller	1.2	Oct 2	0.95*	1.65*	1.35*
Murray Smaller ...int	0.55	Jan 4	0.45*	—	1.65*
Nat Westminster ...int	8	Aug 28	7	—	20.5
Questel .... int	‡2.4	Oct 2	2.2	—	4.75
Radius ....int	‡1.25	Oct 2	1	—	3
Rights and Issues ...int	‖1.2	—	1.1	—	4.25
Tace ....int	†3	Sept 18	2.84	—	8.52
Trencher Wood ...int	†1.05	Oct 9	0.83*	—	3.08*
WPN Group ....int	1.5	Jan 4	1.25	—	3.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third. ‖ Per income share.

UK COMPANY NEWS

Suter takes 7.8% stake in Amari

Amari, the metals and plastics processor and distributor, was last night surrounded by bid speculation after the acquisitive conglomerate Suter disclosed a 7.8 per cent stake in its equity.

Although no other companies have a declarable holding in Amari it is believed that at least two have stakes just below the 5 per cent level at which disclosure is mandatory.

Companies thought to be interested include Evered Holdings, the industrial conglomerate headed by brothers Raschid and Osman Abdulah, and Glynwed International, the fast-growing Midland engineer. Neither company was available for comment last nig/.

Mr David Abell, Suter chairman, said he did not intend to make a bid for Amari at present but he w/ \ to keep his company's options open for the future.

Suter began buying shares in Amari last year but only took its stake above 5 per cent last week. Analysts expect it to announce further share purchases shortly.

Since the beginning of June shares in Amari have risen about 50 per cent in value and last night they closed up 4p at 219p. At this price the company is capitalised at £70m.

Mr Peter Dupont, metals analyst at stockbroker Phillips and Drew, expects about £7.5m profits this year.

James Ferguson

Mr. Guy Cramer yesterday stod down as chief executive of James Ferguson Holdings, the financial services companl, and has been replaced by Mr Peter Clowes, curently chairman.

Also announced was the placing with institutions of 2.25m shares owned by Mr Cramer or by Cramer (Holdings) and the writing of option agreements over a further 750,000 shares. Mr Cramer remains a "modest shareholder in James Ferguson," said Mr Clowes last night.

Stanley suspended

A. G. Stanley, the stores and wallpaper group whose share price has more than doubled since the start of the year, yesterday requested a halt in trading of its shares pending an announcement. At the suspension price of 188p, up 1½p, the company is capitalised at about £48m.

C and W confident

Sir Eric Sharp, chairman of Cable and Wireless, told shareholders at the annual meeting yesterday that the group "readily accepted" the challenge of becoming one of Britain's £1bn companies in terms of profits over the next five years. Last year, the group generated profits of £341m on sales of £913m.

"Our strategies have caught the attention of our allies and also our competitors as we forge ahead," he added.

Sir Eric revealed that Mercury, Cable and Wireless's telephone-operating company in the UK, had traded profitably before depreciation charges last month, and expected to be in profit after depreciation "in the very near term." He sounded an optimistic note about the future of the group's activities in Hong Kong after the change of sovereignty in 1997.

Mount Charlotte £100m deal: profits up 30%

BY TERRY POVEY

Mount Charlotte Investments yesterday announced interim pre-tax profits up 30 per cent at £10.9m and the hotel group's second major acquisition this year—the £100m purchase of three hotels from International Leisure Group. In April it acquired London Park Hotels for a £37m net consideration.

The deal with Mr Harry Goodman's ILG consolidates Mount Charlotte's position as the UK's second largest hotel chain operator — Trust House Forte is a long way in front

The three hotels being acquired—the Grosvenor at Victoria, the Charing Cross and the New Barbican Hotel—take the total operated by Mount Charlotte to 65 and the number of bedrooms offered to 8,600 of which just over half are in London.

The consideration for this acquisition will be satisfied by the issue of 62.7m shares (including 1.93m for expenses) at 158p—these have been conditionally placed with institutions but merchant bankers Robert Fleming are offering a 19-for-77 clawback to existing shareholders.

Mr Robert Peel, Mount Charlotte's managing director, said yesterday that he was confident that there would be no dilution in earnings this year as a result of the acquisitions. "As the additional overhead cost of running these three hotels will be minimal, the profit contribution from them will all come through to our bottom line," he added.

Although valued by ILG at almost £55m (as of March 1986), the three hotels have been revalued to £96m by Mount Charlotte.

Mr Goodman said that the sale price "represents a substantial return on the investment we have made and we can make better use of our resources in the planned expansion of our airline activities."

Mount Charlotte's interim results to July 12 had turnover ahead to £41.8m (£32.36m) and trading profits up 37 per cent at £13.53m. Pre-tax profits were posted after interest paid of £2.62m (£1.5m) and compared with £8.38m in the first half of 1986.

Earnings per share were 3.8p (3.3p) on which an interim dividend of 0.7p (0.61p) is being paid. Retained profits were £7.02m (£5.69m).

● **comment**

London property deals currently have the the unique feature that vendor and purchaser can credibly walk away claiming a coup—ILG has cleared £42m on its less than two year investment in these three hotels and Mount Charlotte believes that at £92,000 a room it has bought going concerns at a bit less than new build prices. Contributions from the three hotels to March were believed to be near £5½m pre-interest and forecasts for Mount Charlotte for this year have been raised to £28½m to reflect part of this. Next year £40m is in view—although the creeping upwards of the tax charge plus the impact of convertible pref stock will see earnings rise about 15 per cent to 9½p. This deal boosts Mount Charlotte's net asset value by £96m and pro forma shareholders funds to around £275m while net debt remains circa £50m. However, the price of all this new Mount Charlotte paper could be a dull short-term as institutions top slice and accept an element of dilution rather than chip in for the very tightly priced clawback. At 18½ times this year's forecast earnings and 16 times next years on 157p, the company is close to the sector's top end.

Busy time for Thomas Jourdan

AFTER A slow start by the trading companies, the Thomas Jourdan group picked up for a marginal increase in pre-tax profits at £627,000 (£618,000) in the first half of 1987.

The directors reported that all companies were very profitable and orders were greater than at any previous time. Gearing up to meet the required extra production was part of the long term plan to improve manufacturing capacity and efficiency, they said.

Group has interests in the manufacture of trouser presses, holds Mary Quant royalty contracts for cosmetics, hosiery and fotwear, and makes nursery and furntiure products.

Turnover in the half year rose to £6.99m (£6.35m) and the operating profit to £720,000 (£665,00), shared by trading profit £576,000 (£530,000) and royalties £144,000 (£135,000). Earnings worked through at 3.34p (3.23p) per share and the interim dividend is raised to 1.35p net (1.25).

The directors said the acquisition policy was being pursued and they hoped to report further results soon.

● **comment**

Archie McNair seems less concerned at having produced virtually flat interims than with his plans for expansion, although the market was unimpressed, leaving the shares flat, too, down just 1p at 215p. But beyond saying he is in active talks with consumer products manufacturers he will not be drawn on the likely direction of the acquisitions. Certainly Jourdan's mix could not be less logical in industrial terms than it is already: prams, fire surrounds, cosmetic brushes and trouser presses, with the Mary Quant royalty contracts as the cherry on the cake. The key, however, seems to be niche businesses with good margins, and the latest purchase, the upmarket kitchen supplier Woodstock, is expected to make a good contribution in the second half. The unravelling of the complex cross-shareholdings with Mary Quant Holdings should be completed by the end of September, and the resulting 11 per cent fewer shares should help earnings. The City is looking for around £2.3m pre-tax, which produces a prospective p/e of around 16, although acquisitions could change the picture entirely.

Lee Cooper calls for £14.3m

BY DAVID WALLER

Lee Cooper, the jeans manufacturer and retailer, yesterday announced a deeply discounted one-for-four rights issue to raise £14.3m net of expenses.

The proceeds will be used to cut borrowings, which have built up to more then £17m in the past 18 months as the company has made a series of acquisitions worth a total of £18m in order to diversify from jean manufacturing. The latest of these was the purchase for £5.9m in March of 38 Stage women's fashion stores from Martin Ford.

After the issue, Lee will be left with £4m-£5m borrowings, under 10 per cent of the enlarged shareholders' funds. Mr Willi Mussmann, finance director, said that that would provide a base for further expansion in European retail businesses.

The shares are being offered at 180p per share, against 327p yesterday, after falling 7p during the day. Because of the large discount, the issue has not been underwritten.

Mr Musman said that Compagnie de Navigation Mixte SA, the Paris-based company which has acquired 19.3 per cent of Lee Cooper, had indicated its willingness to take up its entitlement to new shares under the issue.

A Walker spends £21m on acquisition

BY PHILIP COGGAN

Alfred Walker, the property group in which Peter de Savary has a 29 per cent stake, yesterday announced a series of acquisitions which will greatly increase its size.

The group, which was capitalised at £29m when its shares were suspended on June 15, is spending £21m on three acquisitions in the property and leisure field.

It is paying £13.75m to Nationwide Leisure, a subsidiary of Swiss group Inspectorate, for Neilson Travel and Surrey Park Homes. The former made pre-tax profits of £600,000 last year.

Alfred Walker is also buying the Hotel Burstin in Folkestone for £7.4m. Mount Viell, the private company which owns the hotel is warranting that it will make profits before tax and property depreciation of at least £1.25m in 1987.

Consideration for the Inspectorate acquisitions will be in the form of 4.58m Alfred Walker shares, of which Inspectorate will retain 1.75m, giving it a 11 per cent stake in the enlarged group.

UK COMPANY NEWS

Dobson Park seeks £25m to assist diversification

BY MIKE SMITH

Dobson Park Industries, the industrial holding company, yesterday launched a one-for-four rights issue to raise £25.2m as part of its diversification away from mining equipment.

The company will use the funds to cut gearing from about 30 per cent to a "single digit" figure by the year end on September 27. It also plans further acquisitions.

The 20.87m new shares are being offered at 125p, compared to yesterday's close of 145p, down 8p on the day.

Following Dobson's 1985 decision to reduce its dependence on mining equipment, the company *has sold five non-core* businesses, mainly in engineering, and bought two electronics companies.

Mr Edward Townsend, finance director, said yesterday the most likely area of expansion was in *the industrial electronics* division, of which the core is IRD Mechanalysis, bought for $24.25 in February, and Revere, acquired for $12.7m in May.

Dobson would also consider add-ons for other non-mining equipment parts of the business, which include power tools and toys and plastics.

Last year about 70 per cent of the company's £1.2m pre-tax profit was earned by the mining equipment division.

Mr Townsend said the company wanted to reduce this to about 33 per cent with another *third coming from industrial* electronics and the rest from the other parts of the group.

In the first half of this year Dobson made £6.93m pre-tax but its says its performance in past years suggests that the *second six months* is unlikely to match this.

The board plans to maintain the level of last year's final dividend of 3.31p per share on the enlarged share capital.

Mining equipment is expected to produce lower results for the full year, mainly due to lower sales volume. Power tools and toys and plastics are forecast by the company to show materially higher profits.

Dobson also announced the introduction of a share option scheme. It has set a limit on the grant of options of 5 per cent of the authorised share capital in any 10-year period. The number of shares issued under the scheme must not exceed 10.5m.

Trencherwood profit hits £3.6m

REFLECTING continued strong demand for new homes, property developer Trencherwood lifted its turnover from £11.36m to £12.94m and pre-tax profit from £2.02m to £3.66m in the six months ended April 30 1987; representing percentage increases of 14 and 81 respectively.

Units taken to revenue in the period totalled 227, of which 37 were retirement homes, against 176 and 1 respectively in 1986. That growth, coupled with the economic conditions, improved efficiency throughout the group and the long term land bank, led to the better margins. Operating profit was ahead 60 per cent to £3.73m.

Earnings for the period moved up from 6.87p to 11.67p. The interim dividend, on capital *increased by the scrip* and placing issues, is raised to 1.05p (0.825p) net.

The directors said they looked for another year of substantial growth. The majority of the contribution from the commercial side would come in the second half.

The group committed to its new homes regionalisation programme would see the creation of a further two regions in the next year. The expansion, with the strong Berkshire base, provided the basis for good growth prospects in the current economic climate.

Most of the £6.3m raised from the March placing was earmarked for expansion of the residential programme.

The first new regional company, Trencherwood Homes (Southern), will cover Hampshire, Dorset, and West Sussex, and was planned to have an output of 200 units by 1990.

Sales of existing retirement *schemes* continued to progress well. Expansion was also in hand and a number of schemes should begin production in the first half of next year.

Demand for industrial space had been strong recently, while progress was also being made on the office and retail side.

● comment

It is not too difficult to make money as a housebuilder in the current booming UK residential market and Trencherwood, with a cosy niche in Berkshire is no exception. However, the group is determinedly making use of the fat years to diversify so that it can cope with the thin; new areas are being explored, sheltered housing is designed to be 15 per cent of turnover this year and commercial development profits will start flowing through in the second half. Trencherwood's potential exposure to a Bob Beckman-style *housing crash must be limited;* the average house price this year is likely to be £54,000, not extravagant *for* the South of England. Pre-tax profits are likely to touch £7m this year which with the shares at 440p puts the prospective p/e at around 17½. Despite the group's diversification efforts, that looks high enough.

B.C.E. on target at £1.1m

ALTHOUGH turnover fell from £11.14m to £9.23m in the year to March 31, pre-tax profits for B.C.E. Holdings improved by 28 per cent from £867,000 to the £1.11m forecast at the time of its flotation on the USM last October.

The directors of this Bristol-based maker and distributor of snooker and pool equipment are recommending a maiden 0.6p final dividend as forecast. Earnings per 5p share worked through at 2.9p (2.5p).

Looking ahead, Mr David *Fisher, chairman, said that the* new financial year had started encouragingly, and although a number of projects had involved heavy capital expenditure they should increase profits and enable the group to compete more successfully from its own manufacturing base.

The profit *split was* £521,000 (£454,000) from the operation of amusement machines and snooker club and £588,000 (£413,000) from the manufacture and sale of snooker, billiards and pool equipment.

Tax took £420,000 (£355,000) and minorities £32,000 *(£59,000). There was a £24,000* (£11,000) extraordinary debit.

Storehouse break-up denied by Conran

By Christopher Parkes, Consumer Industries Editor

Reports of the possible break-up of the Storehouse retailing and design group are "totally unfounded and without any basis of fact," Sir Terence Conran, chairman, told shareholders yesterday.

The logic for last year's merger which parcelled Habitat Mothercare toegther with BhS, formerly British Home Stores, as as strong as ever, he said at the annual meeting in London.

However, analysts' and market researchers' reservations about the speed and success of the BhS assimilation project have fuelled press speculation on a possible demerger or takeover.

Last year's 16 per cent increase in pre-tax profits to £123m disappointed the market. Although the figures matched expectations, the City was disturbed by a bad performance at Mothercare.

Sir Terence told a packed meeting in the newly revamped BhS flagship store in Oxford Street that the group planned to invest £100m in the current year on new stores, refurbishment and system improvements.

Sales space would increase by 8 per cent, he said, twice as much as last year.

A new distribution centre for Mothercare had allowed work to start on converting stockrooms *in* the chain to selling space.

A pilot Mothercare Plus shop, described as a new concept in children's retailing, was due to open in Bristol in September.

The *Richards* fashion chain has been turned from loss to "excellent profitability" following refurbishment and expansion, Sir Terence added.

Habitat was also expanding in France and in the UK. Its fourth out-of-town store opened yesterday, in a programme designed to counter the improved attractions of other out-of-town furniture retailers.

CU single-premium sales advance 77% to £93.3m

BY NICK BUNKER

Commercial Union Assurance, the composite insurer, has reported sales of new single premium life assurance and pensions products in the UK up 77 per cent at £93.3m in the six months to June 30.

At the same time, CU said its unit trust operation — launched in January — had attracted £220m in invested funds from 80,000 clients.

CU said the big increase in UK single premium business was due to extra sales of its Prime Investment Bonds, and to the introduction of its Prime Trustee Plan for self-administered pension schemes.

New annual life and pensions premiums in the UK were £15.7m, a 4 per cent fall, which CU attributed to the fact that *it ran fewer mail-shots.* Business from its sale forces grew 28 per cent to £12.8m.

Worldwide, new life and pensions premiums rose 37 per cent to £231.4m, with new annual premiums up 13 per cent at £45.4m and single premiums up 34 per cent at £186m.

In the Netherlands — CU's biggest life assurance territory after the UK — new annual premiums rose 23 per cent to £12.5m while new single premiums were up 12 per cent at £5.5m.

Company Notices

MURRAY AMERICAN GROWTH SICAV

Registered Office: LUXEMBOURG, 14, rue Aldringen
Commercial Register: Section B No. 8.335

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY AMERICAN GROWTH SICAV, will be held at its registered Office at Luxembourg, 14, rue Aldringen, on August 14th, 1987 at 15.00 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept:
   a) the management report of the directors
   b) the report of the statutory auditor.
2. To approve the statement of assets and liabilities and the statement of operations ended March 31st, 1987 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1987.
4. To elect the director to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting. In order to take part at the statutory meeting of August 14th, 1987, owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

—BANQUE GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen
LUXEMBOURG
—CLYDESDALE BANK LIMITED
30, Lombard Street
LONDON EC2

The Board of Directors

Legal Notice

No. 25 (RULE 58(6))
IN THE MATTER OF PRIOR HARWIN PLC

BY ORDER of the High Court dated 11th day of June 1987 Mr Christopher Morris and Martin Clive Bird of Touche Ross & Co and Binder Hamlyn have been appointed Joint Liquidators of the above named company without a Committee of Inspection. Correspondence relating to claims should be addressed to Merlen House, 31-37 Cursitor Street, London EC4A 1LT.

DATED this 29th day of July 1987

NOTICE TO WARRANT HOLDERS OF C. ITOH AND CO. LIMITED

Warrants ("Subject Warrants") to subscribe for shares of Common Stock of C. Itoh and Co., Ltd. (the "Company") issued in conjunction with the issue of US$50,000,000 7⅛ per cent Guaranteed Bonds due 1989. Pursuant to Clause 4(A) and (B) of the instrument dated 22nd May, 1984 under which the above warrants were issued, notice is hereby given as follows:

1 On 2nd and 9th July, the Board of Directors of the Company resolved to issue US$500,000,000 2⅛ per cent Notes due 1992 with warrants to subscribe for shares of Common Stock of the Company. The initial warrant exercise price for the issue is less than the current market price for the shares.

2 Accordingly, the warrant exercise price of the subject warrants will be adjusted effective 28th July, 1987, Japan time. The warrant exercise price in effect prior to such adjustment is Yen 308.30 per share, and the adjusted warrant exercise price will be Yen 303.90 per share.

Warrants ("Subject Warrants") to subscribe for shares of Common Stock of C. Itoh and Co., Ltd. (the "Company") issued in conjunction with the issue of ECU 100,000,000 2⅞ per cent Guaranteed Notes due 1991. Pursuant to Clause 4(A) and (B) of the instrument dated 30th June, 1986 under which the above warrants were issued, notice is hereby given as follows:

1 On 2nd and 9th July, the Board of Directors of the Company resolved to issue US$500,000,000 2⅛ per cent Notes due 1992. *With warrants to subscribe for shares of Common Stock of the* Company. The initial warrant exercise price for the issue is less than the current market price for the shares.

2 Accordingly, the warrant exercise price of the subject warrants will be adjusted effective 28th July, 1987, Japan time. The warrant exercise price in effect prior to such adjustment is Yen 492 per share, and the adjusted warrant exercise price will be Yen 484.90 per share.

C. ITOH AND CO., LTD.

28th July, 1987

NOTICE OF REDEMPTION

To the Holders of

UB FINANCE B.V.
11 per cent. Bonds due 1990

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(C) of the 11 per cent. Bonds due 1990 (the "Bonds"), UB Finance B.V. has elected to redeem all of the outstanding Bonds on 28th August, 1987 (the "Redemption Date") at the Redemption Price of 101.5% of the principal amount thereof, together with accrued interest to the Redemption Date in the amount of U.S. $10.68 for each U.S. $1,000 principal amount.

Subject to any laws or regulations applicable thereto in the place of payment, payment of the Redemption Price and accrued interest will be made upon presentation and surrender of the Bonds at the offices of Morgan Guaranty Trust Company of New York in New York City, Brussels, Frankfurt-am-Main, London, Paris and Zurich and Kredietbank S.A. Luxembourgeoise in Luxembourg. Bonds must be presented for payment together with all unmatured coupons appertaining thereto maturing after 23rd July, 1987, failing which the amount of any missing unmatured coupon will be deducted from the sum due for payment. Any amounts of principal so deducted will be paid in the manner set out above against surrender of the relative missing coupons within a period of 12 years from the relevant date (as defined in Condition 7). On the Redemption Date, the Redemption Price and accrued interest will become due and payable in the aggregate amount of U.S. $1,025.68 for each U.S. $1,000 principal amount of Bonds and interest on the Bonds will cease to accrue.

Bonds and coupons will become void unless presented for payment within a period of 12 years and 6 years respectively from the date on which payment in respect thereof first became or becomes due.

Dated: 29th July, 1987

UB FINANCE B.V.

Telefonaktiebolaget L M Ericsson

U.S.$35,000,000

9¼ per cent. Bonds 1991

NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S. G. Warburg & Co. Ltd. hereby give notice to holders of the above-mentioned Bonds of the Issuer's election to redeem all outstanding Bonds on 15th September, 1987, in accordance with Condition 3(b)(iii) of the Bonds.

Consequently on 15th September, 1987 there will become due and payable upon each Bond outstanding 100¼ per cent. of the principal amount thereof, together with accrued interest to said date, at the office of:-

S. G. Warburg & Co. Ltd.
Paying Agency, 6th Floor,
1 Finsbury Avenue,
London EC2M 2PA

or at the office of one of the other paying agents named on the Bonds.

Interest will cease to accrue on all Bonds on 15th September, 1987. The Bonds should be presented for payment together with all unmatured Coupons, failing which the amount of any missing unmatured Coupons will be deducted from the sum due for payment.

Any amount so deducted will be paid against surrender of the relative missing Coupons within a period of 10 years commencing from the relevant date as defined in Condition 6.

Bonds and Coupons will become void unless presented for redemption or payment within a period of 10 years (in the case of Bonds) and of 5 years (in the case of Coupons) from 15th September, 1987.

29th July, 1987

UK COMPANY NEWS

Matthew Clark edges to £6.9m

POOR TRADING conditions in Australia and higher than forecast losses had an adverse impact on Matthew Clark and Sons (Holdings) group overall and it advanced pre-tax profits only 3 per cent from £6.66m to £6.86m in the year to April 30 1987. Turnover for this wine and spirit distributor and maker of British wine moved up from £60.8m to £67.1m.

The directors are proposing a final dividend of 5.5p—up from 5p last time—making a total of 9p (8p) for the year. Earnings per 25p ordinary share rose from 29.2p to 30p.

Mr Francis Gordon Clark, chairman, said that the company had again achieved record figures: sales had increased and all brands performed strongly. However, steps were being taken to improve the Australian situation both by expanding the business and reducing unit costs.

The cost of establishing its new cocktail, West Coast Cooler, affected profits in the first half which fell from £2.89m to £2.62m. Establishing Clark's Australian operation had also caused further losses.

Mr Gordon Clark said that overall the current year had started satisfactorily for the group and higher profits were again budgeted.

Martell, De Kuyper, Stone's Ginger Wine and Old England British Sherry, the four cornerstones of the business, were now significantly supported by the more recent additions to the list. He added that the past year had demonstrated that the highest quality products would succeed in a relatively flat market.

The group's non-brand business, Sealark Transport and John Ansell and Partners (insurance broking, both reported excellent results for the year.

Interest receivable amounted to £435,000 (£638,000) and tax charges fell from £2.71m to £2.61m.

● comment

UK consumer spending may be rising at an overall 6 per cent a year but spending on alcohol is down by ½ per cent, and few of Matthew Clark's brands are in the remaining growth areas. Not surprisingly, its shares have underperformed the wider market dramatically over the past year and responded to the second half recovery evident in yesterday's figures with a yawn, closing unchanged at 528p. Indeed, the trading performance has been of little relevance to Matthew Clark's price in the wake of Grand Met's announcement that it had entered into a distribution arrangement with Martell, the French company whose cognac accounts for something like half Matthew Clark's turnover. Of much greater interest is speculation that Grand Met might want to buy out Clark for its exclusive Martell distribution rights in the UK. There is no saying that it will, but in any case Clark can hope to benefit from increased sales of Martell in Grand Met's 6,500 managed and tenanted houses in the UK. The argument, however, is already in the price: an historic multiple of 17½ does not underrate this somewhat stodgy performer.

Westminster and Country overheads up

BY STEVEN BUTLER

Westminster and Country Properties said yesterday in a letter to shareholders that overheads in the company had risen to an annual rate of £1.3m, and would be significantly reduced.

The letter follows the dismissal of Mr David Parkes as chairman and chief executive on July 17, and would appear to offer some explanation for the boardroom upheaval in the company. The troubles at the company are somewhat anomalous since Mr Parkes controls 52 per cent of Westminster and Country shares.

The letter said that overheads had risen to an unacceptable level in view of the level of shareholders' funds, which were £4.4m in 1986. Senior and junior staff have been dismissed, and a move is planned from the company's Mayfair headquarters to more modest accommodation

The letter said that results for the year to the end of April 1987 would be worse than indicated earlier, when the company stated they would not be materially different from the £392,000 loss incurred in the first half.

Cost savings measures would not affect the company's rental income or development profits, and a return to profitability was indicated.

The letter was approved by the board, with the exception of Mr Parkes, the dismissed chairman, and Mr Richard Parkes, his brother, who remain as non-executive directors and were not present at the meeting. The letter said that the new management structure was supported by executive directors and other senior executives.

Mr David Parkes could not be reached for comment, and it is not known if he plans any action.

St Modwen's income rises

Pre-tax profits of St Modwen Properties, for the six months to May 31 1987, were £731,000 on a turnover of £2.88m. The results for the six months to March 31 1986 were for the old Redman Heenan group and are not comparable with the latest figures.

St Modwen was created by Clarke Securities, one of the largest privately-owned housebuilding and construction groups in the Midlands, reversing into the rump of Redman Heenan. The combined rental income of the new group was estimated at £1.5m.

Mr Stanley Clarke, chairman said that rental income was continuing to increase and development sales were completed in the Salford Enterprise Zone in Manchester and at Springhead in the North West Kent Enterprise Zone.

The development programme was making good progress on the company's established retail, office and industrial development sites throughout the regions. Building construction had commenced on the 154,000 square feet "Meteor Centre" retail Park, Derby, with pre-lettings signed with W. H. Smith, Do-It-All, Harris Queensway and MFI. The company had been selected as the developer for a 175 acre retail, office and leisure park on the city of Stoke-on-Trent Festival Park site.

Other developments included a freehold office development site at West Drayton and office, hi-tech and industrial development schemes were being progressed on its enterprise zone sites.

Mr Clarke said the company continued to make considerable progress and he looked forward to the future with confidence.

Operating profit in the period was £1.02m; interest payable was £289,000 and tax took £67,000. Earnings per share were 0.7p.

The directors said that in accordance with the company's stated policy of building its reserves the board intends, for the time being, to pay a single annual dividend, therefore no interim payable was proposed.

Kenyon Secs profits up 14% to £0.86m

Kenyon Securities, the USM-quoted funeral services company, raised pre-tax profits by 14 per cent from £751,738 to £854,306 for the year ending March 31 1987.

Turnover was also up at £5.25m (£4.85m), excluding cash disbursements on behalf of clients (the comparison being restated on the same basis).

The directors said the company had assisted at the Zeebrugge ferry disaster and the helicopter crash off Scotland.

A final dividend of 8p was declared making 12p for the year (10.4p). The shares to be issued in connection with the current placing and open offer will not rank for the final dividend.

After tax of £309,708 (£303,411), earnings per share were 24.1p (22.9p).

Possible offer for Dominion

By Steven Butler

MR MAX LEWINSOHN, chairman of Dominion International, told shareholders at the company's annual meeting yesterday that he hoped to make an announcement within two weeks concerning an approach to the company that could result in a general offer for company shares.

Mr Lewinsohn said that trading in the first quarter was sound and in line with expectations.

Padang Senang

Padang Senang Holdings raised pre-tax profits by 54 per cent to £50,035 (£32,591) for the six months to March 31.

Radius ahead 27% and confident for full year

Radius, the USM-quoted computer systems and maintenance group, raised pre-tax profits to £865,000 for the half-year to May 31, a 27 per cent increase compared with £681,000 for the corresponding period last year.

There was a 28 per cent increase in turnover at £4.70m (£3.69m).

It was also announced that the group has concluded an agreement with British Olivetti to jointly market a range of Radius products on the Olivetti/AT&T range of UNIX processors.

The directors are confident of maintaining progress in the second half of the year and into 1988. Mr Edward Sharp, chairman, said that considerable development had been undertaken to allow the group's solutions to be offered under the industry standard UNIX operating system, and such systems were now being delivered.

"Already it is apparent that the additional costs and efforts in implementing UNIX systems are being amply rewarded by the increase in sales, inquiries and likely business increase," said Mr Sharp.

The order book for the second half was at a record level and included several large UNIX-based products. Apart from the marketing agreement with Olivetti, discussions were taking place with other leading computer suppliers.

Retained profits after tax of £296,000 (£228,000) and dividend payments were £446,000 (£354,000). Earnings per share were 5.8p (4.6p).

An interim dividend of 1.25p (1p) was declared.

Questel rises 21% at midway

Questel, a USM quoted telecommunications equipment company, yesterday turned in pre-tax profits up 21 per cent from £459,000 to £555,000 for the half year to April 30 1987. Turnover was up 18 per cent at £2.04m.

After tax of £194,000 (£174,000) earnings per 10p share rose by 1.7p to 8.1p. The interim dividend is 2.4p (2.2p) —last year's final was 2.55p on £1.17m profits.

Demand for the company's main products continued to be strong, but while development into new product areas would mean some costs in advance of significant revenues.

APPOINTMENTS

Personnel chief at BOC

Mr R. G. Page has been appointed chief executive, personnel, of THE BOC GROUP. He joined BOC in 1980 as chief executive, personnel at BOC Limited, having been director of personnel at Vickers International Group, Sperry Rand, since 1973.

★

Dr David Jack retires from the board of GLAXO HOLDINGS on July 31. Dr Richard Sykes will succeed him as research and development director, Glaxo Holdings, and chairman of Glaxo Group Research. Dr Alan Raper retires from the board of Glaxo Holdings on August 31. Dr Sykes has been elected to the board of Glaxo Holdings and its subsidiary Glaxo Group Ltd from August 1. Dr Sykes has been chief executive of Glaxo Group Research since January 1987.

★

The CONTROL RISKS GROUP has made the following appointments: Sir Kenneth Newman to the boards of Control Risks and Control Risks Response Services from August 1. Sir Kenneth was previously Commissioner of the Metropolitan Police. Mr J. G. van der Hoek to the boards of Control Risks Prevention Services and Control Risks Response Services. He was previously group deputy personnel director of Unilever.

★

The Williams Lea Group has made two appointments at MULTISETS, its business forms company. Mr Philip Williams, previously sales director, is appointed managing director; Mr Brian Elliott, previously director and general manager, is appointed deputy managing director.

★

Mr D. A. (David) Green has been appointed chairman of TAYLOR WOODROW SERVICES following the retirement of Mr Martin Stonehouse. He became a director of Taylor Woodrow Services in 1985 and is also a director of Taylor Woodrow International Finance and Taylor Woodrow Investment Inc.

★

GDL, a specialist division of the NFC Distribution Group, has appointed a new managing director. Mr Grahame Richardson has moved from sister company SPD to manage the newly-formed GDL operation. He joined SPD in 1979 from the National Bus Company, and has held management posts at depots in Nottingham, Belfast, South Shields and Woking before taking up this new role.

★

Mr David Leslie Murison and Mr John Peter Abercromby Readman have been appointed non-executive directors of GT MANAGEMENT.

★

Mr Hugh Eadon has been appointed to the management of NATWEST EXPORT FINANCE, the bank's export finance house, where he will head up the team which provides a range of short- and medium-term non-recourse export facilities. He replaces Mr Chris Cheesman, who has been appointed a trade finance executive with the bank's trade-related services.

★

Following his appointment as finance director of WATERGLADE INTERNATIONAL HOLDINGS on May 1 Mr Michael D. Ewing has now been appointed company secretary.

★

MICHAEL STANFIELD has appointed Mr Alan Claridge as sales director. He was previously UK sales director of Hallmark Cards.

★

SIMON, MAY & CO has appointed Mr Martin E. Simons a non-executive director. Mr Simons, a consultant with Morgan, Grenfell, was previously with ICI, specialising in corporate planning.

What happened to last summer's graduates

BY MICHAEL DIXON

DOES THE United Kingdom need to produce more graduates?

The belief that it does is firmly established in the most influential sectors of UK society. Indeed, so strongly is the belief held in high places that graduate-production is one of the few issues over which Mrs Margaret Thatcher's Government has been obliged to make a U-turn in its stated policy.

The White Paper on higher education published on April 1 finally bowed to sustained pressure for an increase in the student numbers previously envisaged in Ministers' plans for universities, polytechnics and other state-financed colleges.

Under the earlier proposals, the equivalent of 693,000 full-time degree students in 1985 was to go up to 700,000 by 1990, before falling in line with the decreasing teenage population to 633,000 by the end of the century. The White Paper conceded that the figure should be raised to 726,000 in 1990, then fall only slightly to 723,000 by the year 2000.

While much of the clamour for the concessions came from pressure groups of people employed in higher education, the case for increases had also been argued by employers' bodies such as the Confederation of British Industry. And the White Paper emphasised that the decisive influence behind the Government's U-turn was the employers' claim that the extra graduates would be direly needed by an economy increasingly dependent on full exploitation of high technology.

	ALL GRADUATES			PURE SCIENTISTS			APPLIED SCIENTISTS		
Where the new degree-winners went:	1986	1981	Change (+ or −)	1986	1981	Change (+ or −)	1986	1981	Change (+ or −)
Total gaining bachelor's degrees	100,254	90,174	+10,080	24,468	20,380	+4,088	15,350	15,436	− 86
Whereabouts unknown at December 31	12,899	10,833	+ 2,066	2,757	2,013	+ 744	1,501	1,610	− 109
Returned or moved overseas	6,155	8,241	− 2,086	942	1,703	− 761	1,851	3,332	−1,481
Further academic study in UK	8.036	7,411	+ 625	4,126	3,436	+ 690	1,088	1,146	− 58
Teacher-training	3,683	6,537	− 2,854	1,169	1,666	− 497	75	144	− 69
Other training	7,270	7,114	+ 156	646	508	+ 138	327	322	+ 5
Administrative and managerial work	4,664	3,224	+ 1,440	817	521	+ 296	618	535	+ 83
Research, design and development	7,230	5.623	+ 1,607	2,093	1.732	+ 361	4,811	3,801	+1,010
Engineering and science support work	1,122	1,103	+ 19	667	604	+ 63	356	445	− 89
Environmental planning	2,571	2,086	+ 485	84	36	+ 48	1,897	1,623	+ 274
Buying, marketing and selling	4,060	2,783	+ 1,277	683	429	+ 254	290	264	+ 26
Management services	3,964	2,139	+ 1,825	2,732	1,487	+1,245	447	172	+ 275
Financial work	8,835	5,633	+ 3,202	1,882	976	+ 906	437	281	+ 156
Information, library and legal work	1.139	965	+ 174	128	108	+ 20	27	23	+ 4
Personnel and welfare services	8,895	7,673	+ 1,222	1,639	1,259	+ 380	93	45	+ 48
Teaching and lecturing	2,446	2,101	+ 345	165	184	− 19	40	26	+ 14
Other kinds of work	4.660	3,205	+ 1,455	653	375	+ 278	232	216	+ 16
At best short-term UK job at Dec. 31	12,625	13,503	− 878	3,285	3,343	− 58	1,260	1,451	− 191

All of which chimes somewhat weirdly with the figures in the above table drawn from statistics recently released by the Central Services Unit supporting university and polytechnic careers advisers.

The table shows the activities taken up by the people who won bachelor's degrees at UK universities and polys last summer, and also five years previously in 1981. The left-hand set of three columns of figures refers to the totals graduating in all subjects. The middle set of three picks out the people who studied so-called pure sciences, and the right-hand set those who took engineering and technology. In each case, the table starts with the overall number graduating and then shows how many of them went into each of 17 categories of activity.

The 1986 all-subjects total was 100.254 bachelor-level graduates. So what kinds of things were they doing in return for the taxpayer's investment in their degree studies, which worked out at about £16,500 apiece?

Well, in the case of rather more than one in eight of them, I am afraid we do not know. By the time the degree-winners' whereabouts were checked on December 31, the universities and polytechnics had simply lost trace of 12,899 of the previous summer's output—the largest number in any of the 17 categories of activity.

The category with the second largest number, 12,625, was "at best a short-term UK job" which covers three sets of people. The first set were unemployed at the end of the calendar year. The second were engaged in work expected to last no more than three months. The third were not available for employment at all, as distinct from being already on someone's payroll at the time they graduated.

Hence over a quarter of the 1986 total—accounting for £421m of public spending on higher education—were either mislaid by their alma mater or did not get a settled job.

Moreover, as at least three years study are needed to get a degree, the 12,625 *graduates* at best temporarily employed can be viewed as representing *37.875 students.* That is nearly half as many again as the 26,000 the Government has added to the 1990 target. So measures requiring universities, polys and colleges to make their present students more fully employable might be better than a further increase of their rolls.

None of the other activity groupings comes anywhere near the 12,500-plus registered by the whereabouts unknown and at best short-term categories. The third biggest was personnel and welfare services including medicine, dentistry and so on with an entry of 8,895, 16 per cent higher than in 1981. Very close behind in fourth place was financial work with 8.835, up a startling 57 per cent on the entry five years before.

The only other grouping with over 8,000 was further academic study or research in the UK which, despite academics' laments about lack of money to enable promising students to go on to higher degrees, achieved an 8 per cent rise on the 1981 intake.

The biggest decrease was the worrying 43.6 per cent slump in the all-subjects entry to teacher-training. There was also a 25 per cent drop in the "returned or moved overseas" grouping which, although it includes British students taking up work or study abroad, consists largely of foreign students going home *after* graduating. UK higher education's intakes of people from overseas dropped sharply—although they have since begun to rise again—following the Government's imposition of full-cost fees for foreign students seven years ago.

The subjects most affected were the "applied sciences" covered by the table's right-hand columns. Indeed it looks as though the number of overseas students taking those subjects fell to such an extent that not enough British entrants could be found to fill the places left empty. As a result, while the overall numbers gaining degrees in every other subject area increased, the total output of new engineering and technology graduates actually fell between 1981 and last year from 15,436 to 15,350

هكذا من الأصل

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UK Marketing Officer

Position: UK Marketing Officer

Role: Marketing a range of the bank's products to UK corporate clients. The role will involve developing new business and servicing an existing client base.

Experience: A minimum of 3 years' experience of UK Marketing. Sound credit and documentation skills.

Credit Analyst

Position: Credit Analyst

Role: Working within a small team involved in the reporting and analysis of UK corporate business and strategic planning.

Experience: A minimum of 4-5 years' credit analysis experience within a high quality banking environment. Formal credit training preferred.

Property Banker

Position: Property Banker

Role: Developing and expanding the bank's current activities in the field of property lending, including syndicated transactions.

Experience: A minimum of 2-3 years' property lending experience within a banking environment.

Candidates should preferably be graduates in their late 20's/early 30's and will be rewarded with an attractive salary and the usual banking benefits.

Interested candidates should send a copy of their curriculum vitae to Julia Cartwright at Michael Page City, 39-41 Parker Street, London WC2B 5LH, or telephone her on 01-404 5751, quoting reference 6013.

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The successful candidate for this unique and demanding post will be responsible for the commercial and financial performance of the Mint, and will be the main source of advice to Ministers on the coinage. He or she will therefore be expected to offer a mix of proven commercial and representational skills, as well as political awareness and a capacity for strategic planning. The successful candidate will probably be aged 45-55. The appointment will be for five years initially, with the possibility of extension or permanency and can be based in London or Llantrisant.

Candidates from both within and outside the Civil Service are invited to apply.

Salary will be within the scale of £34,000 to £37,000 per annum, but a higher salary may be considered, if necessary, for a candidate of exceptional qualifications or experience. Pension benefits are non-contributory, other than 1½% for family benefits.

For further details and an application form (to be returned by 9 September 1987) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref: G/7313.

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Investment Manager

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An experienced multi-currency Investment Manager, with at least seven years' practical experience of managing balanced portfolios, you must have a sound understanding of the equity and fixed income markets.

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No details of candidates will be divulged to my client without prior permission.

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COMMODITIES AND AGRICULTURE

LME board election runs into hitch

By Richard Mooney

PROGRESS TOWARDS the streamlining of the London Metal Exchange's management structure ran into an unexpected hitch yesterday, only three days before it was due to come into effect.

For the past week members of the exchange have been casting their votes in the election for the managing board, which is scheduled to take over from the existing board and committee on Friday.

It was discovered yesterday, however, that one of the 15 candidates for the seven ring-dealing member directorships, Mr Colin Griffiths of Mocatta and Goldsmid, had scratched from the race because he was moving away from ring-dealing. Votes cast in that section of the election are therefore void. A new election for ring dealing directors is being hurried through, with the voting deadline set for 4 pm tomorrow, and it is hoped that the handover of power will not be delayed.

The successful non-ring dealing member candidates were Mr E. P. Dablin of Cargill UK, Mr S. C. Lowe of Memaco Services and Mr P. H. Shuman of COT Europe. When they are joined by the seven ring-dealing directors a further four directors will be invited onto the board.

Already elected to the board were Mr Jacques Lion, the president, and Mr Michael Brown, the chief executive.

Speculators return to boost platinum market

BY RICHARD MOONEY

THE UPTURN in the platinum market accelerated yesterday, taking the London bullion market price to the highest level for more than two months. After rising by $9.50 on Monday it added another £14 to close at $598 a troy oz.

The catalyst for the rise, according to Miss Rhona O'Connell, an analyst at Shearson Lehman Brothers, was a report from a Tokyo broker last week indicating that Japanese imports of the metal this year were on course to reach 45 tonnes, compared with 30.24 tonnes in 1986.

As Japan is the biggest buyer of platinum, accounting for about half last year's purchases, that would be a major development. But Miss O'Connell cannot see it materialising. "Fundamental demand projections do not support it," she says.

Nevertheless it has been enough to rekindle traders' interest in platinum, which, after leading last year's precious metals rise, had become the laggard over the past few months.

Apart from the possibility of increased Japanese purchases—based on a revival of jewellery industry usage and further growth in demand for platinum based emission-scrubbing autocatalysts—Miss O'Cannell thinks speculative buyers might have been attracted by an EC move to tighten European emission controls. But she points out that it will be some time before the move, agreed by Community Environment Ministers last week, has a significant impact on demand for patinum catalysts.

Overall she expects expanding supplies from South Africa to keep the platinum market in surplus, but she admits "I could be wrong."

Among those who appear to disagree with Miss O'Connell on this front is Credit Suisse, the Zurich-based bank, as John Wicks reports from Zurich.

Demand for both platinum and palladium should slightly exceed supply this year, according to estimates published by the bank.

It forecasts a demand surplus of about 1.6 tonnes for platinum and 0.50 tonnes for palladium, as compared with excess supplies of 2.4 and 0.3 tonnes, respectively, last year.

For platinum, Credit Suisse projects a rise in the supply total in 1987 from 87.8 to 94 tonnes, due almost entirely to an increased South African figure of 79 tonnes (1986: 73.1 tonnes).

On the demand side, overall consumption is seen as going up from 90.2 to 92.4 tonnes. The bank says that car industry use is unlikely to show the high growth rates of previous years, while no real advances are probable in chemical and glass industry demand.

Palladium supplies are stimated at some 96.5 tonnes, compared with a 1986 level of 93 tonnes, with an unchanged 52 tonnes of this coming from the Soviet Union and about 32.7 (1986: 31.7) tonnes from South Africa.

Demand is expected to grow from 92.7 to 96 tonnes. Consumption on the part of the electronics and dental sectors should increase further, claims the bank, though less rapidly than last year.

In respect of 1986, Credit Suisse reports that major demand for platinum came from the car industry (37 per cent), the jewellery trade (30 per cent), the chemical industry (7 per cent) and electronics (6 per cent), with 16 per cent of the remainder being taken up by investors.

For palladium, electronics accounted for 44 per cent and dentistry for a further 31 per cent, with 9 per cent being used in chemical processes, 8 per cent in the car industry and 6 per cent in jewellery.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,130-2,200 (2,190-2,250).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 3.00-3.10 (3.00-3.15).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.50-1.55 (1.53-1.58), sticks 1.50-1.55 (1.53-1.58).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 6.35-6.55 (6.40-6.60).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 230-240 (235-245).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.60-2.70 (2.60-2.65).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.30-5.90 (5.40-6.00).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO, cif, 48-57 (48-55).

VANADIUM: European free market, min 98 per cent VO, other sources, $ per lb VO, cif, 2.62-2.70 (same).

URANIUM: Nuexco exchange value, $ per lb UO, 16.90.

Keyboards busy in sugar trade

BY NANCY DUNNE

ACTIVITY WAS strong yesterday in the newly-launched white sugar contract on the London Futures and Options Exchange as traders continued to show interest in commerce through computer.

Halfway through the trading day, volume on the automated trading system in London was leading the traditionally-dominant Paris futures exchange by 1,866 contracts (50 tonnes each) to 1,644. By the close, however, Paris had edged ahead with 2,411 lots to London's 2,311.

Open i nterest figures—showing trades not covered by the close of business on Monday, the first day of the new contract—revealed 1,531 unmatched trades in Paris and 1,163 in London. Fox exchange officials said the figures revealed a widespread switch of positions from Paris to London.

Nine white sugar dealers—including E. D. and F. Man, C. Czarniwok and Phillip Brothers—are participating in the automated trading experiment. An exchange official said other companies have been calling to inquire about joining in the new scheme.

"We've never had so much enthusiasm from our membership," she said.

In the past, futures traders have shown a marked reluctance to abandon the traditional "open outcry" system of trading to do business through computer screens. Particularly in the US, the trading pits have been lauded as the last bastion of capitalism, which might somehow be destroyed if conducted in the less frenetic environment surrounding automated trading.

One of the first markets to trade successfully by computer was introduced in New Zealand in January 1985. The system was sen as an ideal solution to do the logistical problems presented in an area where the traders were so geographically dispersed.

The New Zealand Futures Market now trades by computer five contracts, which have all shown steadily rising volumes.

Rivalry in metals futures moves into the night

BY DAVID OWEN IN CHICAGO

THE CHICAGO Board of Trade, the world's largest futures exchange, is to file for regulatory approval to add gold and silver futures to its fledgling 6-9 pm evening trading session.

The move introduces another twist in the intensifying battle between rival US futures exchanges for precious metals business

The CBOT, which originally announced plans for new 100-oz gold and 5,000-oz silver futures contracts in May, hopes to begin trading the new products on the evening of September 13—already slated as the exchange's inaugural Sunday evening session. "There are indications that there definitely will be interest in the contracts in the Far East," said CBOT advisory economist Mr Jay Gottlieb, explaining the decision.

Also involved in the three-cornered tussle for precious metals dominance is the Chicago Mercantile Exchange, the CBOT's smaller but more diversified arch-rival. The CME itself resumed gold futures trading after a two-year interval on June 16. The contract got off to a brisk start.

The CBOT already effectively has a small niche in the precious metals futures market via the mini gold and silver contracts traded at its struggling affiliate, the MidAmerica Commodity Exchange.

Soviets warn US on protectionism

A SOVIET official said yesterday that protectionist proposals in the US Senate and House trade bill could lead to a reduction in Soviet purchases of US grain.

Mr Evgeny Kutvoy, minister counsellor of the Soviet Embassy in Washington, cited as an example of trouble-making proposals one which would reduce the US quota on urea exports from the Soviet Union.

"This [the reduced quotas] may produce difficulties for the expansion of our bilateral treaty," he said. "We would prefer to have more balanced trade relations."

Search on for 'lamb finger'

Dai Hayward on efforts to widen the New Zealand meat industry's product range

THE SEARCH to find the meat—preferably the lamb—equivalent of the fish finger is underway among New Zealand's meat technologists and scientists.

The trend to increase the processing of meat before it leaves New Zealand has encouraged the move into the production of new consumer items including reconstituted or reformed products. Most of the big meat exporting companies are devising and testing a whole range of such products.

They include sausages, boneless rolled lamb roasts, salamis, mutton hams, lamb burgers, lamb "sandwiches" and freeze-dried products.

So far the only large-scale commercial success has been Bernard Matthews' boned lamb roast. The marketing expertise and commercial know-how of Britain's biggest turkey producer was linked with New Zealand lamb producing and processing skills to launch the reconstituted lamb roast—produced at a specially built plant in New Zealand.

The product quickly became popular in Britain, where more than 200,000 families eat one every week. It is also catching on rapidly in Canada.

Particularly encouraging is the fact that the lamb roast has quickly established a £20m-a-year British market at a time when UK consumption of traditional roast lamb has dropped by 20 per cent. While no one in the New Zealand meat industry expects the reformed lamb roast ever to replace the traditional Sunday joint, its success has encouraged those who believe that the consumer still has an appetite for innovative meat products and has given added impetus to the search for new, marketable ideas.

Recognising their inexperience in the field many of the big New Zealand meat processing and exporting companies have teamed up with overseas companies in joint venture projects.

Waitaki International joined with H Noelke and Company, the West German food processing group, to establish Pacific Foods; Challenge Meats has joined forces with the Danish Meat Research Institute; and Wattie Industries and the New Zealand Meat Board have entered into partnership with Bernard Matthews to set up Advanced Foods.

They are backed by intensive research, funded either by the companies themselves or through the Ministry of Agriculture, at the Meat Industry Research Institute, at the country's two agricultural universities, Massey and Lincoln, and by the Government Department of Scientific and Industrial Research.

A purpose-built meat processing centre has been set up by Research Institute, where a wide range of new products is being tested. Most of these are on the secret list.

One company alone has 13 different potential reformed meat products on the drawing board.

"If we get just one of these products right we will probably be struggling to keep up with market demand," says Mr Robert Hutton of Challenge Meats. "We know it won't be easy, it takes a lot of time, money and patience."

The fish finger analogy is very much to the forefront in the research scoentists' efforts. "No one has yet found the meat equivalent of the fish finger but that is the size of the challenge and the size of the risk," says Mr Barry Brill, meat director at Wattie Industries. "We are convinced there is enormous potential in reformed products, particularly for microwave meat meals.

"The white meat industry has managed to produce convenient meals from reformed meat and we see no reason why red meat such as lamb should not develop along the same lines."

Many of the ideas now being tried out are straight copies of the convenience foods already successfully produced from fish, pork or poultry.

The need for further processing of New Zealand lamb has been stressed by politicians and meat company directors for years. It would put added value into New Zealand's exports, provide a bigger range of consumer products, meet the customers' demands for convenient, pre-packaged cuts, provide a greater spread of export markets and extend the production season, providing longer, possibly year-round, employment in what is traditionally a seasonal industry.

Not so long ago the millions of lambs exported from New Zealand were all shipped in whole carcase form. In the past six years this has changed dramatically. In 1979 only 5 per cent of the lamb carcase was processed but now 35 per cent of export lambs are turned into consumer cuts, reformed meat products and other processed items before leaving the country.

By 1990 the industry estimates that 60 per cent of New Zealand's lamb will undergo further processing shipment overseas. At present most of the further processed product are shipped in the form of frozen, consumer-ready cuts.

The rapid growth has created some marketing confusion as the various companies compete fiercely with each other. In West Germany, for example, there are 14 different brands of New Zealand lamb and mutton goods on sale in major supermarkets.

A new cutting plant in Dunedin can create up to 60 different cuts from one lamb carcase and the weight, size and shape can be varied to suit the requirements of individual customers.

Some years ago New Zealand scientists developed a process to extend the shelf-life of chilled meats. This has enabled sizeable quantities of chilled lamb to be shipped from New Zealand by sea mostly to Britain and Japan—which has been a difficult market for New Zealand. Despite marketing and promotion efforts spread over 17 years, lamb sales have still not reached the level hoped for.

Now chilled lamb is being shipped to Japan to undergo further processing into retail cuts suited to the Japanese consumer's needs in a New Zealand-owned factory near Tokyo.

One of the earlier products used in an attempt to break into the Japanese market was the lamb burger. But it has failed to achieve the success which had been predicted, either in Japan or other countries.

The search goes on, however, for a product with universal appeal strong enough to give the New Zealand lamb industry a new direction and a new success story. Hopes are high that the "lamb finger" could soon be pointing the way to a brighter future.

LONDON MARKETS

COCOA values on the London futures market were hit by a heavy sell-off yesterday after recent chart-based support levels were breached. Dealers said "stale bull liquidation," chart and stop-loss selling and belated hedging against physical purchases feature as the September position slipped $50 to $1,291.50—a 5½-week low. Sentiment has been affected recently by signs that the West African crop is developing well following recent rains. Early worries about drought damage to cocoa crops in the region had played a leading part in supporting the market. On the the London Metal Exchange Grade A copper prices reasserted the strong tone which had been interrupted by Monday's falls. The trend was again set in New York as the cash price advanced £12.50 to £1,075.50 a tonne. The three months price closed at £1,055.50 a tonne, up £7.50, but moved further ahea din afterhours trading to reach a 22-month high.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or −	High/Low
Cash	—	—	—
3 months	1640-5	+2.5	—

Official closing (am): Cash —— (——) three months 1,642-7 (1,637-43), settlement —— (——). Final Kerb close: ——. Ring Turnover: —— tonnes.

99.5% purity	£ per tonne		
Cash	1068.-70	−5	1075
3 months	993-3.5	−0.25	995/992

Official closing (am): Cash 1,074-5 (1,070-1), three months 994-4.5 (991-2), settlement 1,075 (1,071). Final Kerb close: 994-5. Ring Turnover 17,500 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1075-6	+12.5	1074/1072
3 months	1055-6	+7.5	1067/1049

Official closing (am): Cash 1,071.5-2.5 (1,064-5), three months 1,053.5-4.5 (1,047-8), settlement 1,072.5 (1,065). Final Kerb Close: 1,063.5-4.5.

Standard			
Cash	1075-6	+13.5	1073/1072
3 months	1055-6	+12.5	—

Official closing (am): Cash 1,071-3 (1,064-5), three months 1,050-2 (1,041-4), settlement 1,073 (1,065). US Producer prices 80-85 cents per lb. Total Ring Turnover 49,250 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	390-1	−11	495/492
3 Months	363-4	−10.25	377/362

Official closing (am): Cash 393-4 (404-6), three months 368.5-9 (375-7), settlement 394 (405). Final Kerb close: 365-6. Ring Turnover 11,050 tonnes. US Spot: 38-42 cents per lb.

NICKEL

	Unoffical close (p.m.) £per tonne	+ or −	High/Low
Cash	3045-55	−5	—
3 months	3075-85	−2.5	3105/3080

Official closing (am): Cash 3,058-62 (3,065-70) three months 3,090-2 (3,083-5), settlement 3,062 (3,070). Final Kerb close: 3,080-90. Ring Turnover 1,278 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	495-7	−2	499/492
3 months	491-2	−2.5	493.5/490.5

Official closing (am): Cash 498-9 (499-500), three months 491-2 (494-5), settlement 499 (500). Final Kerb close: 495-6. Ring Turnover: 6,625 tonnes. Us Prime Western: 47.5-48.5 cents per lb.

TIN

KUALA LUMPUR TIN MARKET — Close: 16.11 (16.10) ringgit per kg. Up 0.01 ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
	—	—		—	
	—	—		—	
		Sept.	Nov.	Sept.	Nov
Aluminium 99.5%	1,575	—	—	19½	79½
	1,600	59½	43	28½	94½
	1,625	46½	35½	—	—
Copper (Grade A)	1,650	—	—	21	61½
	1,675	58	61½	32	73½
	1,700	43½	51	—	—
	£/tonne				
Copper (Grade A)	1,025	—	—	11	30½
	1,050	33	38½	19½	43½
	1,075	20	27½	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	July 28	
Close	$455½-456	(£284¾-285¼)
Opening	$453½-454	(£284-284½)
M'n'g fix	$454.20	(£284.230)
Aft'n'n fix	$456.15	(£285.433)
Day's high	$456¼-456¾	—
Day's low	$453½-454	—

GOLD AND PLATINUM COINS		
Am Eagle	$467-472	(£292-295¼)
Mapleleaf	$467½-470½	(£292¼-294½)
Kr'g'rnd	$458-468	(£284½-285½)
½ Krug	$238-239	(£148¾-149½)
¼ Krug	$119¼-120¼	(£74½-75¼)
Angel	$465-468	(£290¾-292¾)
1/10 Angel	$46-50	(£28¼-31¼)
New Sov.	$106½-107½	(£66½-67¼)
Old Sov.	$105½-108	(£66½-67½)
Noble Plat.	$606-616	(£573¼-384¾)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.05p per kg lw (+1.16). GB—Sheep 207.11p per kg est dcw (+18.31). GB—Pigs 74.38p per kg lw (+1.57).

JUTE

JUTE—August/September c and f Dundee BTC $530, BWC $520, BTD $450, BWD $440; c and f Antwerp BTC $490, BWC $480, BWD $410, BTD $420.

INDICES

REUTERS

July 27	July 24	M'th ago	Yearago
1625.8	1614.7	1631.4	1451.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	July 27	July 24	M'th ago	Year ago
Spot	127.55	127.96	—	127.74
Fut	126.94	126.84	—	116.29

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	July 28 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1710/730		$1565/585
Copper			
Cash Grade A	£1075.5	+12.5	£991.5
3 months	£1055.5	+7.5	£981.5
Gold Troy oz	$455.75	+3.5	$446.75
Lead Cash	£390.5	−11	£389.25
3 months	£363.5	−10.25	£374.25
Nickel			
Free Mkt.	221/241c	−1	201/221c
Palladium oz	$144.50	+3.4	$138.25
Platinum oz	$598.50	+14.5	$551.50
Quicksilver†	$235/245		$245/255
Silver troy oz.	483.75p	+3.95	443.50p
3 months	494.90p	+3.80	453.65p
Tin			
free Mkt	£4020/050	+10	£4120/150
Tungsten	$53.69		$58.16
Wolfram 22.01b	$48/55		$48/55
Zinc	£496	−2	£527.5
3 months	£491.5	−2.5	£508.25
producers	$860		$860
OILS			
Coconut (Phil)	$440x		$510
Palm Malayan	$300v		‡
Seeds			
Copra (Phil)	$265x		$295
Soyabean (U.S.)	$154z	+8	$157.5
GRAINS			
Barley Fut. Nov.	£100.05	−0.45	£95.65
Maize	£161.00y	−1	£159.00
Wheat Fut. Sept	£101.50	−0.25	£101.10
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1291.5	−50	£1321.5
Coffee Ft. Sept	£1232.5	−3	£1271
Cotton A Ind.*	84.65c	−0.25	80.70c
Gas Oil Sept.	$165.25	+2.25	$161.12
Rubber (kilo)	69.75p	+0.25	66.75p
Sugar (raw)	$152.4x	−0.6	$171
Wooltops 64s	479p kilo		475p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. z July-Aug. v Oct. x Aug-Sept. y Aug. w Oct-Nov. T Sept.

SILVER

Silver was fixed 3.95p an ounce higher for spot delivery in the London bullion market yesterday at 483.75p. US cent equivalents of the fixing levels were: spot 773.5c, up 5.1c three-month 788.95c; up 5c; six-month 801c, up 4.7c; and 12-month 830.0 up 3c. The metal opened at 483-484½p (771-773c) and closed at 490½-492p (784-786c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	483.75p	+3.95	790c	+24.5
3 months	494.90p	+3.80	804c	+25.5
6 months	506.65p	+3.90	—	—
12 months	530.10p	+2.55	—	—

LME — Turnover: 1(1) lots of 10,000 oz.

Three months high/low 788.5c, final kerb 792-5c.

COFFEE

Robustas opened some /15 lower, as due, but remained within a narrow range is light volume, reports Drexel Burnham Lambert. Early light selling found scale-down support which steadied market values. Despite a weak New York opening London maintained levels to close at the day's highs with late short-covering.

COFFEE	Yesterday close	+ or −	Business done
July	1205-1215	−4.5	1210-1199
Sept.	1232-1233	−3.0	1232-1220
Nov.	1255-1257	−7.0	1256-1245
Jan	1278-1280	−6.0	1280-1270
Mar.	1301-1303	−9.0	1305-1295
May	1325-1330	−2.5	1330-1320
July	1340-1355	−4.5	1355

Sales: 2,343 (845) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July 27: Comp. daily 1979 98.08 (97.46); 15-day average 98.36 (98.24).

COCOA

Although due unchanged to a little lower, futures, in fact, encountered a wave of selling from both trade and commission houses and traded through the limit-down to close on a week note, £50 off on the day, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
July	1310-1322	−50.5	1350-1324
Sept.	1291-1292	−50.0	1341-1291
Dec.	1327-1329	−47.5	1374-1325
March	1356-1357	−43.0	1386-1352
May	1376-1378	−42.0	1400-1374
July	1395-1398	−39.5	1410-1385
Sept.	1407-1408	−5.0	1430-1410

Sales: 7,397 (1,776) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for July28:1608.83 (1662.49): 10-day average for July 29: 1687.89 (1697.78).

FREIGHT FUTURES

During a quiet morning trading was at slightly lower levels but there was no real direction to the market. In the afternoon rumours of a lower Gulf/Japan fixture at $15.25 pushed the market sharply lower to trade at 1032, basis October. Values then recovered quickly to close on the technical support level of 1040 for October, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	968/978	974	974/979
Oct.	1038/1040	1054/1032	1049/1048
Jan.	1045	1056/1040	1055/1057
Apr.	1055/1060	1055/1060	1085/1165
July	925	—	900/935
Oct.	960	—	970/990
Jan.	960	—	950/1000
April	1042.5	—	1040/1085
BFI.	973.0	—	974.5

Turnover: 247 (158).

GRAINS

Wheat trade was almost totally governed by switch trading, with prices closing just off the lows on shipper support. Barley quickly reached 50p down on harvest pressure, then firmed fractionally on shipper buying, reports T. G. oddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	99.80	−0.40	97.70	−0.40
Nov.	101.50	−0.25	100.05	−0.50
Jan.	104.30	−0.30	102.65	−0.65
Mar.	107.00	−0.30	104.90	−0.70
May	109.25	−0.40	107.00	−0.50
July	111.90	−0.06	—	—

Business done — Wheat: Sept 99.50, Nov 101.50-1.40, Jan 104.30-4.20, Mar 107.00-6.80, May 109.40-9.25, July 111.90. Sales: 120 lots of 100 tonnes. Barley: Sept 97.75-7.60, Nov 100.20-0.00, Jan 102.75-2.65, Mar untraded. May 107.30-7.00, Sales: 218 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 2 14 per cent Aug 90.50, Sept 91.25, Oct 93.25. US no 2 soft red winter Aug 86.75, Sept 88.25, Oct 90.00. French 11½-12 per cent first half Aug 120.50. English feed fob Sept 101.00-101.50, Oct-Dec 104.00-104.75, Jan-Mar 108.00-108.75 buyer-sellers. Maize: US no 3 yellow/French transhipment east coast first half Aug 161.00. Barley: English feed Aug 97.50 seller, Sept 99.50-100.50 buyer-sellers, Oct-Dec 105.00 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 93.60. S. West 90.90. W. Mids 92.20, N. West 93.60. The UK monetary coefficient for the week beginning Monday August 3 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

POTATOES

Futures came under further selling pressure as growers' optimism concerning crop potential continued to encourage hedging. Around the £130.00 level volume began to dwindle and trade was nervous. The market tested this area on several occasions before support was finally eroded. Expectation of a rapid stop-loss sell-off below the chart point of £130.00 basis April, proved unfounded. Volume was fairly thin.. The market fell 50p to £129.50 but sellers seemed unwilling to chase and values nervously bounced £1.00 before coming under renewed pressure to close on a weak note, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	91.70	93.00	92.90-91.70
Feb.	101.90	102.00	102.00
Apr.	129.80	132.40	133.00-129.50
May	143.80	146.00	144.00

Sales: 883 (553) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.70-17.85*	+0.15
Brent Blend	19.70-19.80	+0.425
W.T.I. (1pm est)	21.00-21.10*	+0.475
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-197	—
Gas Oil	161-163	+1.5
Heavy fuel Oil	112-113	+4
Naphtha	171-173	+5

* September

Petroleum Argus estimates

RUBBER

PHYSICALS — The London market opened unchanged, attracted no interest throughout the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 69.75p (69.50p); Sept 69.00p (68.75p); Oct 69.25p (69.00p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg as No. 1 260.5 (same). SMR 20 221.5 (same).

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or −	Business done
August	127.5-128.6	+2.10	—
October	128.1-128.5	+1.90	—
Dec.	128.0-128.5	+1.75	126.5
Feb.	129.5-130.5	+1.50	—
April	129.5-131.5	+1.25	—
June	125.0-127.0	+0.75	—
August	125.0-127.0	+1.00	—

Sales: 230 (64) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $152.40 (£95.60), down 60c (down 20p) a tonne for August-September delivery. White sugar $171.80, up $1.40.

No. 6 Contract	Yesterd's close	Previous close	Business done
	$ per tonne		
Aug	125.0-126.8	150.4-151.8	151.2-125.0
Oct.	155.0-155.4	157.0-157.2	157.8-151.6
Dec.	140.0-141.0	143.0-144.2	—
Mar.	148.2-148.4	150.8-151.2	151.6-148.6
May	152.6-155.2	154.4-154.8	—
Aug.	156.0-156.7	158.0-158.0	—
Oct.	158.0-160.0	160.2-160.2	162.0-161.6

Sales: 3,286 (3,215) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £199.00 (£200.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for July 27: Daily price 5.77 (5.62); 15-day average 6.13 (6.18).

PARIS—(FFr per tonne): Oct 1050-1052, Dec 1075-1080, Mar 1125-1130, May 1150-1165, Aug 1185-1205, Oct 1225-1245.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
Aug	163.25	+2.50	163.75-60.00
Sept	165.25	+2.25	166.00-62.50
Oct.	167.50	+2.50	167.50-64.25
Nov.	169.25	+2.25	169.50-66.75
Dec	171.50	+2.00	171.50

Turnover: 3,591 (5,578) lots of 100 tonnes.

US MARKETS

AFTER A quiet morning, good trade buying in crude oil futures pushed through commission house stops prompting short-covering and strong local buying. Gold firmed on trade buying, although it still lagged behind the other metals. Heavy trade buying at key technical levels touched off commission house stops in the silver market. Strong local buying elected heavy commission house stops before platinum fell into a tug-of-war as locals began liquidating and commission houses became good buyers. Strong fund buying early touched off commission house house stops in copper but profit-taking in the afternoon pared gains. Coffee was quiet after good trade selling touched off commission house stops while locals steadied the market at the lows. Funds continued to pyramid and add to their winning short positions, prompting heavy trade selling in sugar, while scattered scale-down buying by the trade supported the market. Cocoa opened significantly lower forcing speculator houses out of their long positions. After manufacturing and trade house buying failed to support the market fresh selling prompted further liquidation by commission houses in cocoa. Cotton traded in narrow ranges with light commission house profit-taking the only feature in an otherwise listless session

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
July	75.50	75.00	75.50	75.00
August	75.25	74.75	—	—
Sept	74.60	74.00	74.50	73.70
Dec	73.60	73.00	73.05	73.05
Jan	71.65	71.05	—	—
March	70.15	69.55	—	—
May	68.85	68.25	—	—
July	67.65	67.05	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1951	2031	1985	1935
Dec	1979	2060	2008	1956
March	2010	2078	2035	1991
May	2037	2103	2052	2020
Sept	2088	2145	2075	2060
Dec	2100	2163	—	—

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
Sept	102.57	103.91	103.70	102.25
Dec	105.76	106.95	106.80	105.70
March	108.75	110.05	109.50	108.75
May	110.60	111.73	111.25	110.60
July	112.78	114.75	113.00	112.55
Sept	114.75	115.85	115.00	114.40
Dec	117.45	117.88	118.00	117.60

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
July	80.50	76.60	81.00	77.00
Aug	77.95	76.35	—	—
Sept	76.85	74.95	77.10	75.00
Dec	75.15	73.70	75.70	73.80
Jan	74.70	73.35	74.75	74.75
March	73.85	72.85	74.30	72.85
May	73.35	72.30	73.30	73.10
July	73.10	72.15	—	—
Sept	73.15	72.25	—	—
Dec	73.20	72.35	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
Oct	77.60	77.10	77.76	77.25
Dec	75.60	75.40	75.90	75.28
March	76.20	75.90	76.45	76.05
May	76.50	76.34	76.85	76.40
July	76.45	76.27	76.95	76.40
Oct	69.60	69.55	69.65	69.50
Dec	68.18	68.02	68.25	68.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Sept	21.29	20.49	21.30	20.70
Oct	20.81	20.19	20.91	20.38
Nov	20.71	20.09	20.70	20.25
Dec	20.57	20.00	20.59	20.18
Jan	20.49	19.96	20.52	20.18
Feb	20.40	19.91	20.40	20.10
March	20.10	19.88	—	—
April	20.29	19.85	20.25	20.00
May	20.24	19.83	20.25	20.04

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	456.5	453.7	—	—
Aug	457.0	454.2	458.7	454.3
Sept	459.6	456.8	—	—
Oct	462.7	459.8	464.5	460.0
Dec	468.3	465.3	470.2	465.5
Feb	474.0	471.0	476.0	471.5
April	479.8	476.7	479.2	477.5
Aug	491.9	488.5	489.5	489.0
Sept	495.7	—	488.0	483.0
Oct	498.3	494.9	496.5	496.1
Dec	504.7	501.2	505.0	501.0
Feb	511.3	507.7	508.5	508.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Aug	55.00	53.21	55.40	53.80
Sept	55.80	53.80	55.80	54.20
Oct	56.39	54.39	56.39	54.90
Nov	57.24	55.24	57.24	55.75
Dec	58.04	56.09	58.09	56.90
Jan	58.30	58.70	58.30	57.36
Feb	59.00	57.20	59.00	57.95
March	57.25	56.70	57.25	56.00
April	56.40	54.45	56.40	55.40
May	54.60	53.35	54.50	54.25

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
Sept	126.30	126.05	127.00	126.20
Nov	124.25	123.95	125.00	124.10
Jan	123.00	123.00	123.30	122.50
March	122.95	123.35	124.00	122.80
May	123.25	123.30	—	—
Sept	123.25	123.30	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	610.3	595.4	615.0	602.5
Oct	610.3	595.4	612.5	600.5
Jan	617.3	602.6	620.0	608.5
April	624.8	609.9	619.0	617.0
July	632.5	617.6	632.0	626.0
Oct	639.4	624.5	640.0	640.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	795.1	772.1	800.0	782.0
August	796.0	773.0	785.0	785.0
Sept	800.5	777.6	806.0	780.0
Dec	815.9	792.3	821.0	795.0
Jan	820.5	798.7	825.0	810.0
March	831.5	807.4	835.0	813.0
May	842.6	818.0	836.0	828.0
July	864.0	829.0	848.0	840.0
Sept	865.5	840.0	862.0	862.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
Sept	5.45	5.63	5.70	5.45
Oct	5.83	6.07	6.10	5.80
Jan	6.36	6.34	6.35	6.35
March	6.62	6.70	6.79	6.58
May	6.93	6.97	6.98	6.72
July	6.96	7.00	7.00	6.67
Oct	7.11	7.17	7.20	7.05

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	61.22	61.62	61.80	61.15
Oct	60.67	60.72	61.10	60.46
Dec	62.67	62.62	63.10	62.42
Feb	63.20	63.50	63.70	63.10
April	64.15	64.50	64.50	64.05
June	63.85	64.05	63.90	63.70
Aug	61.85	61.80	62.10	61.85

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
August	55.77	56.20	56.30	55.45
Oct	47.52	47.85	47.65	47.20
Dec	46.37	46.82	46.77	46.10
Feb	45.15	44.95	45.25	44.92
April	42.15	42.10	42.50	42.10
June	43.50	43.40	43.75	43.40
August	42.65	42.65	—	—

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
August	78.57	78.52	78.65	77.25
Feb	60.90	60.40	61.00	59.85
March	60.47	60.12	60.50	59.55
May	61.60	61.05	61.60	60.52
July	60.90	60.35	60.90	60.20

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
Sept	166.6	164.4	167.6	165.6
Dec	176.2	173.4	177.4	176.2
March	185.6	183.2	186.6	184.4
May	190.4	188.4	191.2	189.6
July	191.4	189.6	193.0	191.0
Sept	190.0	188.2	192.2	190.0
Dec	194.4	194.4	196.0	194.2

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
August	544.2	540.4	546.6	543.0
Sept	534.6	527.0	537.4	531.4
Nov	538.4	528.4	539.0	531.4
Jan	544.6	534.0	547.4	539.4
March	554.4	542.2	556.4	549.0
May	559.4	548.0	563.0	556.0
July	560.0	549.4	563.0	557.0
August	555.0	545.4	550.0	556.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
August	168.1	167.1	168.8	167.7
Sept	164.6	162.6	165.4	163.4
Oct	162.8	159.8	163.7	161.3
Dec	163.4	159.8	164.5	161.0
Jan	163.8	160.5	164.5	162.0
March	164.9	160.7	165.0	162.0
May	164.1	160.2	164.5	162.0
July	164.2	160.5	165.0	164.2
August	164.1	160.7	164.0	164.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
August	16.12	16.01	16.22	16.10
Sept	16.29	16.18	16.38	16.23
Oct	16.45	16.36	16.54	16.40
Dec	16.80	16.68	16.88	16.73
Jan	16.95	16.87	17.05	16.90
March	17.25	17.15	17.35	17.25
May	17.55	17.37	17.62	17.55
July	17.75	17.55	17.96	17.76
August	17.80	17.55	17.75	17.85
Sept	17.85	17.60	18.00	17.80

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
Sept	258.2	258.2	260.0	258.0
Dec	272.6	271.6	274.0	272.2
March	280.0	278.0	281.4	279.2
May	276.4	271.0	277.0	273.0
July	266.4	261.0	267.4	263.0

SPOT PRICES: Chicago loose lard 16.00 (15.50) cents per pound. Handy and Harman silver bullion 788.5 (786.5) cents per troy ounce. New York tin 298-304 (297-303) cents per pound.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Better sentiment helps pound

STERLING ROSE slightly after yesterday's encouraging report from the CBI on industrial trends. Hopes that growth would continue at a sustainable rate and that any capacity constraint would be countered by greater investment in plant and machinery provided a welcome tonic to balance the effects of recent trade and bank lending figures.

However, overseas investors were still cautious, which suggested that sterling was still considered to be a little fragile.

The pound closed at $1.5990 from $1.5985 and DM 2.97 against 2.9650. Against the yen it closed at Y240.50 from Y240.25. Elsewhere it finished at SFr 2.4575 from SFr 2.46 and FFr 9.8825 from FFr 9.8675. On Bank of England figures, the pound's exchange rate index finished at 72.6 against 72.5 at the opening and Monday's close.

While the CBI survey provided a better sentiment and at the same time added to an already bullish but suppressed undertone, traders were a little concerned because the pound has so far resisted any temptation to push it above DM 3.00, mainly as a result of intervention by the Bank of England. Until there is sufficient resolve to test this level, the pound's upward potential would appear limited.

The dollar showed very little change during the day in London. There was an absence of any fresh economic data and its inability to break through chart resistance and support levels left most investors looking for next month's US Treasury refunding programme to give some guide on future dollar trends.

The US unit closed at DM 1.8570 from DM 1.8550 against the Deutsche Mark and Y150.40 compared with Y150.35. Short covering kept the dollar about the important Y150 level but it failed to capitalise on this and early trading in New York saw the US unit fall back. Elsewhere in London it closed at SFr 1.5375 from SFr 1.5385 and FFr 6.1800 compared with FFr 6.1725.

On Bank of England figures, the dollar's exchange rate index finished at 103.9 from 103.7 on Monday.

DEUTSCHE MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. June average 1.8188. Exchange rate index 146.3 against 148.0 six months ago.

Trading in Frankfurt lacked excitement and the dollar finished towards the day's highs on short covering. Chart considerations tended to influence trading in the absence of any fresh economic data.

The US unit closed at DM 1.8595 from DM 1.8525 and compared with a fixing level of DM 1.8575. There was no intervention by the Bundesbank at the fixing.

Trading lacked incentive and as a result, the dollar was confined to a narrow range.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 213.6 against 209.4 six months ago.

Speculative buying helped the dollar move above the Y150 level once more in Tokyo. However, there was no clear indication about how much upward potential the dollar possessed and traders were a little uncertain ahead of next month's US Treasury refunding package.

The dollar closed at Y150.95, up from Y150.65 in New York and Y149.50 in Tokyo on Monday. Resistance against moving the dollar outside its recent trading range was beginning to intensify and in the absence of any fresh economic data to provide impetus, trading was likely to remain in a tight range.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0374	+1.36	+0.77	± 1.5344
Danish Krone	7.85212	7.88022	+0.36	−0.23	± 1.6404
German D-Mark	2.05853	2.07618	+0.86	+0.26	± 1.0981
French Franc	6.90403	6.90720	+0.05	−0.54	± 1.3674
Dutch Guilder	2.31943	2.33960	+0.87	+0.28	± 1.5012
Irish Punt	0.768411	0.774815	+0.83	+0.24	± 1.6684
Italian Lira	1483.58	1502.26	+1.26	+1.20	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 28	Latest	Previous Close
£ Spot	1.5990-1.6000	1.5980-1.5990
1 month	0.34-0.32 pm	0.30-0.29 pm
3 months	0.90-0.86 pm	0.93-0.91 pm
12 months	2.85-2.75 pm	3.37-3.30 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	July 28	Previous
8.30 am	72.5	72.7
9.00 am	72.5	72.6
10.00 am	72.5	72.5
11.00 am	72.5	72.5
Noon	72.6	72.4
1.00 pm	72.6	72.5
2.00 pm	72.5	72.4
3.00 pm	72.5	72.4
4.00 pm	72.6	72.5

POUND SPOT—FORWARD AGAINST THE POUND

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5950-1.6000	1.5985-1.5995	0.29-0.26c pm	2.06	0.92-0.87 pm	2.24
Canada	2.1259-2.1320	2.1310-2.1320	0.04pm-0.06cdis	0.28	0.20-0.07 pm	0.25
Netherlands	3.34-3.35	3.34-3.35	1¼-⅞c pm	3.59	3⅝-3¼ pm	3.89
Belgium	61.40-61.70	61.60-61.70	17-10c pm	2.63	50-39 pm	2.89
Denmark	11.24½-11.28¼	11.26½-11.27½	½ pm-1½ ore dis	−0.40	¼-2½ dis	−0.58
Ireland	1.1055-1.1095	1.1080-1.1090	par-0.10p dis	−0.54	0.05-0.20 dis	−0.45
W. Germany	2.96¼-2.97½	2.96½-2.97½	1¼-1 pf pm	4.55	4-3⅝ pm	5.13
Portugal	230.60-232.57	231.48-232.42	76-129c dis	−5.30	277-364 dis	−5.53
Spain	202.53-203.46	202.88-203.17	132-174c dis	−9.04	375-426 dis	−7.89
Italy	2143-2151	2147-2148	1-4 lire dis	−1.40	3-10 dis	−1.21
Norway	10.87-10.93	10.88-10.89	4⅞-5½ ore dis	−5.37	12¼-13¼ dis	−4.78
France	9.86-9.89	9.87¾-9.88¾	1¼-⅝c pm	1.14	3½-2½ pm	1.21
Sweden	10.32-10.36	10.35-10.36	½-½ore dis	—	¼ pm-¼ dis	—
Japan	240-241¼	240-241	1¼-1 y pm	5.61	3⅝-3¼ pm	5.41
Austria	20.82-20.89	20.86-20.89	9¼-7⅞ gro pm	4.92	27⅝-25¼ pm	5.07
Switzerland	2.45-2.46½	2.45¾-2.46¾	1¼-1 c pm	5.49	3½-3¼ pm	5.49

Belgian rate is for convertible francs. Financial franc 61.85-61.95. Six-month forward dollar 1.85-1.80 c pm. 12-month 3.40-3.30 pm.

CURRENCY RATES

July 28	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.79132	0.699079
U.S. Dollar	5.5	1.2652	1.11713
Canadian $	7.90	*	1.48679
Austrian Sch.	4	16.5179	14.6031
Belgian Franc	7¾	48.7211	43.0374
Danish Krone	7	8.9193	7.88022
Deutsche Mark	3.0	2.35003	2.07618
Neth. Guilder	4½	2.64925	2.33960
French Franc	9½	N/A	6.90720
Italian Lira	11.5	N/A	1502.26
Japanese Yen	2½	190.85	168.519
Norway Krone	8	8.64357	7.60932
Spanish Peseta	—	160.802	141.931
Swedish Krona	7½	8.18369	7.23005
Swiss Franc	3.5	1.94898	1.72261
Greek Drach.	20½	177.425	156.733
Irish Punt	—	N/A	0.774815

*C$/SDR rate for July 27; 1.69355

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5950-1.6000	1.5985-1.5995	0.29-0.26c pm	2.06	0.92-0.87 pm	2.24
Ireland†	1.4400-1.4430	1.4420-1.4430	0.30-0.25c pm	2.29	0.98-0.84 pm	2.52
Canada	1.3304-1.3396	1.3325-1.3335	0.20-0.23c dis	−1.94	0.63-0.66 dis	−1.94
Netherlands	2.0900-2.0975	2.0920-2.0930	0.28-0.25c pm	1.52	0.86-0.82 pm	1.61
Belgium	38.47-38.60	38.50-38.60	3pm-par	0.47	8-3 pm	0.57
Denmark	7.04-7.05¾	7.04½-7.05	1.10-1.80ore dis	−2.47	4.70-5.40 dis	−2.87
W. Germany	1.8525-1.8600	1.8565-1.8575	0.45-0.42pf pm	2.81	1.37-1.32pm	2.90
Portugal	145-145½	145-145¼	75-105c dis	−7.44	260-310 dis	−7.85
Spain	126.85-127.23	126.90-127.00	90-120c dis	−9.91	270-320 dis	−9.28
Italy	1342-1346	1342¼-1343¼	3.50-4.50lire dis	−3.57	10.50-13.50dis	−3.57
Norway	6.80½-6.84½	6.80½-6.81	3.95-4.45ore dis	−7.38	11.85-12.35dis	−4.16
France	6.17-6.18¾	6.17¾-6.18¾	0.52-0.62c dis	−1.11	1.70-2.00 dis	−1.20
Sweden	6.46½-6.47¾	6.47¼-6.47¾	1.00-1.30ore dis	−2.13	3.50-3.90 dis	−2.29
Japan	150.10-151.05	150.35-150.45	0.43-0.40y pm	3.30	1.17-1.12 pm	3.04
Austria	13.04¼-13.07½	13.07-13.07½	3.20-2.80gro pm	2.76	9.50-8.50pm	2.76
Switzerland	1.5350-1.5425	1.5370-1.5380	0.44-0.39c pm	3.23	1.23-1.18 pm	3.13

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.65-38.75

CURRENCY MOVEMENTS

July 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.6	−21.0
U.S. Dollar	103.9	−3.6
Canadian Dollar	78.4	−10.4
Austrian Schilling	137.2	+10.1
Belgian Franc	99.6	−4.6
Danish Krone	91.8	+2.3
Deutsche Mark	146.3	+21.3
Swiss Franc	171.9	+22.5
Guilder	134.3	+14.0
French Franc	71.5	−12.8
Lira	47.0	−18.5
Yen	213.6	+59.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

July 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8-8¼	8¼-8½	8⅞-9	9¼-9⅜	9½-9⅝	9⅞-10
U.S. Dollar	6⅜-6½	6⅝-6¾	6{11/16}-6{13/16}	6{15/16}-7{1/16}	7¼-7⅜	7{9/16}-7{11/16}
Can. Dollar	8¼-8⅝	8¼-8½	8{5/16}-8{9/16}	8⅝-8⅞	9¼-9⅜	9⅝-9⅞
D. Guilder	5-5¼	5⅛-5¼	5{5/16}-5{7/16}	5¼-5⅜	5{5/16}-5{7/16}	5⅜-5½
Sw. Franc	⅝-⅞	8¼-8⅝	3⅝-3¾	3{13/16}-3{15/16}	3⅞-4	3{15/16}-4{1/16}
Deutschmark	5-5¼	4⅜-4⅝	4-4¼	4-4⅛	4{1/16}-4{3/16}	4{3/16}-4{5/16}
Fr. Franc	7½-7⅝	7½-7⅝	7{11/16}-7{13/16}	8{1/16}-8{3/16}	8½-8⅝	8{13/16}-9{1/16}
Italian Lira	9½-11½	8½-9½	9¾-10¼	10⅜-10⅞	10⅝-11¼	11⅛-11½
B. Fr. (Fin.)	6¼-6⅜	6¼-6½	6¼-6½	6½-6¾	6¾-7	7-7¼
B. Fr. (Con.)	6-6⅜	6-6⅜	6¼-6½	6¼-6⅝	6½-6⅞	7-7⅜
Yen	3¼-3½	3{11/16}-3¾	3{11/16}-3¾	4-4{1/16}	4{1/16}-4{3/16}	4{3/16}-4¼
D. Krone	9½-9⅞	9⅝-10	9⅝-10	10-10⅜	10¼-10⅝	10⅝-11
Asian $Sing.	3¼-3⅜	N/A	4-4¼	4¼-4¼	4½-4⅝	4⅜-4⅞

Long-term Eurodollars: Two years 8⅛-8⅜ per cent; three years 8⅝-8⅞ per cent; four years 8¾-9 per cent; five years 8{13/16}-9{3/16} per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

July 28	£	$
Argentina	3.0900-3.1030	1.9345-1.9415
Australia	2.2860-2.2880	1.4315-1.4325
Brazil	72.6200-73.0100	45.4560-45.6890
Finland	7.1880-7.1990	4.5020-4.5040
Greece	221.85-225.70	139.05-141.40
Hong Kong	12.4700-12.4850	7.8080-7.8090
Iran	116.60*	72.10*
Korea (Sth)	1285.60-1297.25	804.60-811.20
Kuwait	0.45420-0.45470	0.28435-0.28445
Luxembourg	61.60-61.70	38.50-38.60
Malaysia	4.0650-4.0720	2.5450-2.5465
Mexico	2238.25-2260.60	1401.00-1415.00
N. Zealand	2.7255-2.7305	1.7095-1.7125
Saudi Ar.	5.9915-5.9970	3.7505-3.7515
Singapore	3.3700-3.3750	2.1105-2.1115
S. Af. (Cm)	3.3005-3.3155	2.0660-2.0705
S. Af. (Fn)	5.1545-5.3265	3.2260-3.3335
Taiwan	49.50-49.75	31.05-31.15
U.A.E.	5.8670-5.8720	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

July 28	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.599	2.970	240.5	9.883	2.458	3.345	2146.	2.132	61.65
$	0.625	1.	1.857	150.4	6.180	1.538	2.093	1343.	1.333	38.55
DM	0.377	0.536	1.	80.96	3.327	0.827	1.126	723.1	0.716	20.76
YEN	4.158	6.649	12.35	1000.	41.09	10.22	13.85	8929.	8.863	256.3
F Fr.	1.012	1.618	3.005	243.4	10.	2.487	1.361	2173.	2.157	62.38
S Fr.	0.407	0.651	1.209	97.86	4.021	1.	1.358	873.9	0.867	25.09
H Fl.	0.299	0.478	0.888	71.90	2.954	0.735	1.	642.0	0.637	18.43
Lira	0.466	0.745	1.383	112.0	4.602	1.144	1.558	1000.	0.993	28.71
C $	0.469	0.750	1.393	112.8	4.636	1.153	1.569	1006.	1.	28.92
B Fr.	1.622	2.594	4.818	390.1	16.03	3.986	5.426	3483.	3.457	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilt prices recover

GILT PRICES staged a comeback in the London International Financial Futures Exchange yesterday. Even before the release of the CBI survey on business trends, prices had been marked up because there had been an inevitable reaction to the recent sharp mark down which resulted from a loss of confidence after poor trade and bank lending figures.

The latter two factors had given rise to increased fears about inflation again reaching worrying levels but yesterday's CBI survey gave a very bullish picture about production levels and tended to dismiss fears of the economy overheating or that capacity constraints would lead to an influx of imports.

The September long gilt price opened at 119-28 up from 119-13 and reached a best level of 120-11 before closing at 120-00.

Three-month sterling deposits opened unchanged at 90.23 for September delivery and touched a high of 90.36 before closing at 90.30. Cash rates were a little lower but there was still a good deal of debate between those sanctioning a cut in base rates and a more recent trend towards an increase. The Bank of England was probably anxious in the short term to avoid both.

US Treasury bonds finished virtually unchanged, opening at 90-02 for September delivery, the same as Monday's close and moving up to a high of 90-09 before finishing at 90-00. Traders were a little nervous because there was a strong chance that the US debt ceiling would be increased and this would involve large sales of Government stock early next month, including three auctions brought forward from July.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
114	6.01	6.35	0.01	0.43
116	4.06	5.02	0.06	1.10
118	2.25	3.46	0.25	1.54
120	1.05	2.41	1.05	2.49
122	0.23	1.48	2.23	3.56
124	0.06	1.06	4.06	5.14
126	0.02	0.45	6.02	6.53
128	0.00	0.28	8.00	8.36

Estimated volume total, Calls 1,800 Puts 1,273
Previous day's open int: Calls 28,625 Puts 19,486

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	6.02	5.43	0.02	0.43
86	4.10	4.13	0.10	1.13
88	2.31	2.62	0.31	1.62
90	1.06	2.00	1.06	3.00
92	0.20	1.18	2.20	4.18
94	0.04	0.49	4.04	5.49
96	0.01	0.28	6.01	7.28
98	0.00	0.15	8.00	9.15

Estimated volume total, Calls 60 Puts 2
Previous day's open int: Calls 1,897 Puts 2,296

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
23000	11.02	12.75	1.12	2.85
23250	9.08	11.03	1.68	3.63
23500	7.33	9.46	2.43	4.56
23750	5.78	8.03	3.38	5.63
24000	4.45	6.75	4.55	6.85
24250	3.34	5.61	5.94	8.21
24500	2.45	4.62	7.55	9.72
24750	1.74	3.76	9.34	11.36

Estimated volume total, Calls 21 Puts 21
Previous day's open int: Calls 247 Puts 130

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec
1.45	—	14.75	—	14.75	—	0.00	—	0.25
1.50	9.75	9.75	9.75	9.75	0.01	0.08	0.32	0.84
1.55	4.84	4.93	5.21	5.55	0.26	0.61	1.26	2.19
1.60	0.88	1.66	2.35	2.96	1.30	2.34	3.40	4.60
1.65	0.02	0.27	0.82	1.30	5.44	5.95	6.87	7.94
1.70	0.00	0.02	0.21	0.49	10.42	10.70	11.26	12.13
1.75	0.00	0.00	—	0.16	15.42	15.68	—	16.80

Estimated volume total, Calls 0 Puts 10
Previous day's open int, Calls 322 Puts 1,536

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.45	—	12.70	—	12.90	—	1.50	—	2.70
1.50	9.80	9.80	9.80	9.80	0.20	0.25	0.65	1.10
1.55	4.80	4.90	5.20	5.80	0.25	0.75	1.40	2.35
1.60	1.20	1.75	2.40	3.10	1.65	2.60	3.45	4.70
1.65	0.20	0.45	0.90	1.85	5.80	6.30	7.00	8.00
1.70	0.20	0.20	0.35	0.65	10.75	11.00	11.40	12.10
1.75	0.35	0.50	—	1.20	14.80	15.30	—	16.50

Previous day's open int: Calls 831 Puts 183
Volume: 19

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Close bid Aug.	Sept.	Oct.	Dec.	Puts—Close bid Aug.	Sept.	Oct.	Dec.
1.600	0.90	1.60	2.10	2.80	1.20	2.05	2.95	4.20
1.625	0.15	0.65	1.25	1.90	3.05	3.65	4.70	5.80
1.650	0.05	0.30	0.70	1.30	5.25	5.75	6.55	7.60
1.675	—	0.10	0.30	0.80	7.65	8.05	8.65	9.50
1.700	—	0.05	0.15	0.55	20.05	10.35	10.85	11.60
1.725	—	—	0.10	0.35	12.55	12.75	10.85	13.80
1.750	—	—	—	0.15	15.05	15.35	—	16.00

Previous day's open int: Calls 79,096 Puts 60,625
Previous day's volume: Calls 8,405 Puts 8,144

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	1.19	0.96	0.89	—	0.00	0.12	0.31	—
91.75	0.94	0.76	0.74	—	0.00	0.17	0.41	—
92.00	0.70	0.58	0.59	—	0.01	0.24	0.51	—
92.25	0.48	0.42	0.44	—	0.04	0.33	0.61	—
92.50	0.28	0.29	0.31	—	0.09	0.45	0.73	—
92.75	0.13	0.19	0.22	—	0.19	0.60	0.89	—
93.00	0.05	0.12	0.15	—	0.36	0.78	1.07	—

Previous day's open int: Calls 2,085 Puts 2,318
Estimated volume, Calls 5 Puts 255

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	120.00	120.11	119.23	119.13
Dec.	119.28	120.00	119.24	119.09

Estimated volume 26,688 (36,312)
Previous day's open int. 31,666 (30,623)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	106.85	106.90	106.66	107.10
Dec.	106.25	—	—	106.40

Estimated Volume 1,647 (1,060)
Previous day's open int. 898 (997)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.30	90.36	90.22	90.23
Dec.	90.09	90.17	90.00	89.99
Mar.	90.02	90.11	89.94	89.89
June	89.95	90.04	89.92	89.85
Sept.	89.84	89.85	89.85	89.78
Dec.	89.70	89.60	89.60	89.60

Estimated Volume 5,836 (8,283)
Previous day's open int. 15,731 (15,741)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	239.90	239.90	238.20	236.70
Dec.	244.40	244.00	244.00	241.20

Estimated volume 1,356 (1,605)
Previous day's open int. 6,969 (7,004)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.69	92.73	92.69	92.68
Dec.	92.34	92.36	92.34	92.33
March	92.07	92.11	92.09	92.06
June	91.84	91.88	91.86	91.83
Sept.	91.62	—	—	91.61
Dec.	91.41	—	—	91.40
Mar.	91.21	—	—	91.20
June	91.02	—	—	91.01

Estimated volume 2,684 (3,638)
Previous day's open int. 28,083 (28,464)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	90.00	90.09	89.31	90.02
Dec.	89.00	—	—	89.02

Estimated Volume 4,027 (4,042)
Previous day's open int. 6,959 (6,559)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	90.08	90.10	89.21	89.22
Dec.	89.08	89.09	88.22	88.21
Mar.	88.10	88.10	88.02	87.23
June	—	87.14	87.14	86.27
Sept.	86.21	86.21	86.19	86.02
Dec.	—	85.27	85.27	85.11
Mar.	—	85.06	85.06	84.21
June	—	—	—	84.01
Sept.	—	—	—	83.14
Dec.	83.00	—	—	82.28
Mar.	82.20	—	—	82.12

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.93	93.96	93.93	93.92
Dec.	93.67	93.68	93.65	93.63
Mar.	93.41	93.44	93.41	93.38
Jun.	93.20	93.20	93.20	93.17
Sept.	—	—	—	92.96
Dec.	—	—	—	92.76
Mar.	—	—	—	92.56

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6505	0.6516	0.6503	0.6523
Dec.	0.65581	0.6571	0.6558	0.6579
Mar.	0.6610	0.6630	0.6610	0.6635
June.	—	—	—	0.6697

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6654	0.6667	0.6650	0.6675
Dec.	0.6703	0.6713	0.6703	0.6675
Mar.	—	—	—	0.6678
June	—	—	—	0.6839

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5396	0.5403	0.5395	0.5406
Dec.	0.5438	0.5445	0.5438	0.5448
Mar.	—	—	—	0.5490

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.72	92.73	92.70	92.66
Dec.	92.36	92.37	92.36	92.29
Mar.	92.10	92.10	92.08	92.02
June	91.86	91.87	91.85	91.79
Sept.	91.64	91.64	91.63	91.57
Dec.	91.43	91.43	91.41	91.36
Mar.	91.22	91.23	91.22	91.16
June	91.03	91.03	91.02	90.96

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	312.35	312.80	311.90	311.65
Dec.	314.95	315.40	314.50	314.10
Mar.	317.30	317.70	—	316.60
June	319.40	320.15	319.40	319.05

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5990	1.5963	1.5901	1.5808	1.5655

IMM—STERLING $e per £

	Latest	High	Low	Prev
Sept.	1.5925	1.5950	1.5910	1.5935
Dec.	—	1.5845	1.5815	1.5835
Mar.	1.5760	1.5790	1.5760	1.5775
June	1.5700	1.5725	1.5700	1.5710

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.5932	1.5937	1.5916	1.5945
Dec.	1.5836	—	—	1.5853
Mar.	1.5755	—	—	1.5770

Estimated volume 11 (1)
Previous day's open int 818 (817)

MONEY MARKETS

UK rates ease on CBI report

INTEREST RATES were slightly lower in London yesterday. A report by the CBI on industrial trends was generally well recived so that the current interest rate structure showed no particular emphasis on a rise or a fall in interest rates.

Three-month interbank was quoted at 9⅜-9¼ per cent against 9{7/16}-9¼ per cent. Overnight money traded between a high of 8½ per cent and a low of 2 per cent.

Sterling was slightly firmer overall which helped to dispell some of the gloom after the recent poor trade and bank lending figures. While short term rates were mostly steady, longer term rates represented the top end of a true yield curve, suggesting that confidence for rates for the rest of this year included a possibility of higher base rates.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England forecast a shortage of around £400m with factors affecting the market including bills maturing in official hands and the repayment of late assistance together with a take up of Treasury bills draining £259m and Exchequer transactions a further £160m. In addition banks brought forward balances £35m below target. These were partly offset by a fall in the note circulation of £50m.

The forecast was revised to a shortage of around £500m and the Bank gave assistance in the morning of £186m through outright purchases of £5m of eligible bank bills in band 3 and in band 4 £102m of Treasury bills and £81m of eligible bank bills all at 8⅞ per cent.

Further help in the afternoon came to £290m through outright purchases of £10m of eligible bank bills in band 3 and in band 4 £252m of Treasury bills and £28m of eligible banks bills all at 8⅞ per cent. Late help came to £20m, making a total of £496m.

In Frankfurt the Bundesbank acted to ease the end of month drain on liquidity by arranging dollar swaps. By purchasing dollars and pushing D-Marks into the system at an effective rate of 4⅜ per cent, the authorities eased the pressure that had sent call money up to the Lombard rate of 5 per cent. The swaps unwind on Friday.

After the announcement call money settled back to 4.85 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 28) 3 months U.S. dollars		6 months U.S. dollars	
bid 6{15/16}	offer 7{1/16}	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8¼	One month	5.30	Three year	7.82
Broker loan rate	7¾	Two month	5.56	Four year	8.05
Fed. funds	6⅝	Three month	6.04	Five year	8.15
Fed funds at intervention	6⅝	Six month	6.36	Seven year	8.40
		One year	6.56	10-year	8.57
		Two year	7.55	30-year	8.82

July 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.90-5.10	3.80-3.95	3.80-3.95	[illegible]	[illegible]	[illegible]
Paris	7½-7⅝	7⅝-7¾	7{11/16}-7{13/16}	[illegible]	[illegible]	[illegible]
Zurich	⅞-1⅛	3⅝-3⅞	—	[illegible]	[illegible]	[illegible]
Amsterdam	5⅛-5¼	5{5/16}-5{7/16}	—	[illegible]	[illegible]	[illegible]
Tokyo	3.21875	3.53125	—	[illegible]	[illegible]	[illegible]
Milan	10½-11¼	10¾-11¼	—	[illegible]	[illegible]	[illegible]
Brussels	5.60	6⅜-6½	—	[illegible]	[illegible]	[illegible]
Dublin	8½-8¾	9¼-9⅜	9{11/16}-9{13/16}	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

July 28	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8½-2	8⅝-8½	8{13/16}-8¾	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	8{13/16}-8{11/16}	[illegible]	[illegible]	[illegible]
Local Auth'rity Deps.	—	—	8{13/16}	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	9¼	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	8-6	8¾	8⅞	[illegible]	[illegible]	[illegible]
Company Deposits	8¾-8½	—	9	[illegible]	[illegible]	[illegible]
Finance House Deposits	—	—	8⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	8{13/16}	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	8{13/16}	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	9{1/16}	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	6.75-6.70	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	—	—	6-5⅞	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	—	—	6⅝-6½	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 8{11/16} per cent; three-months 8{11/16} per cent; three months 8⅞ per cent; Treasury Bills: Average tender rate of discount 8.8442 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period July 26 to August 25, 1987, Scheme I: 10.47 p.c., Scheme II & III: 10.17 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8⅞ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from July 16, Deposits withdrawn for cash 5 per cent.

Company Notices

NOTICE TO THE HOLDERS OF

Republic of Indonesia
US$ 75,000,000
Floating Rate Notes due 1990
(Redeemable at Noteholder's option in 1987)

Notice is hereby given that pursuant to Paragraph 5(C) of the Notes, the holder of any of the above Notes will have the option to have such Note redeemed by the Republic at par on October 29, 1987.

To exercise such option, the holder must deposit such Note to be redeemed (together with all unmatured coupons appertaining thereto and together with the form of election of early redemption endorsed on such Note duly completed by the holder or his agent) with the Fiscal and Principal Paying Agent or the Paying Agent, at the addresses mentioned on the Notes, at any time between August 31, 1987 and September 14, 1987 (both dates inclusive).

Any Note so deposited may not be withdrawn without the prior consent of the Republic.

Luxembourg, July 29, 1987

Fiscal and Principal Paying Agent
KREDIETBANK
S A LUXEMBOURGEOISE

TOP BRAND FUND INTERNATIONAL
(SICAV)
20 boulevard Roosevelt
Boite Postale 408
L-2014 Luxembourg

PAYMENT OF DIVIDEND

Notice is hereby given to Shareholders that following a Resolution passed at the Annual General Meeting of Shareholders held in Luxembourg on 28th July, 1987, a dividend of US$0.20 for the period ended 31st March, 1987 has been declared.

This dividend will be paid as from 11th August, 1987, against presentation of Coupon No. 1, at the Company's Paying Agent in Luxembourg:

Banque Internationale à Luxembourg S.A.,
2 boulevard Royale,
Luxembourg,
Grand Duchy of Luxembourg

from whom claim forms may be obtained.

TOP BRAND FUND INTERNATIONAL
29th July, 1987

NATIONAL BANK OF HUNGARY

US$100,000,000
Floating Rate Notes due 2000
(Coupon No. 6)

Pursuant to Note Conditions, notice is hereby given that for the Interest Period from 29th July 1987 to 29th January 1988 an Interest Rate of 7⅞ per cent per annum will apply.

Amount per Coupon = US$402.50 payable on 29th January 1988.

Reference Agent:
THE LONG-TERM CREDIT BANK OF JAPAN LTD.
London Branch
Dated 29th July 1987

Personal

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 28 1987					MONDAY JULY 27 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	146.24	−1.5	135.59	139.28	2.63	148.42	137.66	140.32	149.30	99.92	71.21
Austria (16)	100.38	+0.8	93.08	96.90	2.14	99.57	92.35	95.84	101.62	85.53	87.48
Belgium (48)	132.41	+1.9	122.77	126.37	3.80	129.99	120.56	123.74	132.41	96.19	82.11
Canada (132)	136.07	+0.6	126.17	131.34	2.12	135.28	125.47	130.72	138.59	100.00	94.49
Denmark (39)	114.11	+0.6	105.80	109.38	2.54	113.42	105.19	108.59	124.10	98.18	92.01
France (121)	108.13	+0.0	100.25	104.82	2.70	108.09	100.25	104.66	121.82	98.39	90.23
West Germany (92)	98.42	+0.8	91.25	95.02	1.99	97.62	90.54	94.14	100.33	84.00	80.70
Hong Kong (45)	133.93	−0.3	124.17	134.26	2.70	134.32	124.58	134.65	135.36	96.89	74.55
Ireland (14)	138.83	+0.4	128.72	135.61	3.31	138.27	128.24	134.87	145.41	99.50	96.14
Italy (76)	95.60	−0.1	88.64	95.89	1.89	95.73	88.79	95.94	112.11	93.47	91.81
Japan (458)	135.46	+1.0	125.59	128.78	0.52	134.13	124.41	127.48	161.28	100.00	91.45
Malaysia (36)	184.20	+2.8	170.79	180.60	2.08	179.15	166.16	175.63	186.58	98.24	80.44
Mexico (14)	292.69	−4.6	271.38	450.58	0.67	306.81	284.56	469.29	309.34	99.72	56.64
Netherland (38)	125.80	+0.0	116.64	120.15	3.68	125.75	116.64	119.96	127.97	99.65	89.55
New Zealand (26)	106.88	−1.0	99.09	97.10	2.98	107.91	100.08	97.30	109.97	83.93	71.23
Norway (24)	150.19	+0.7	139.26	138.78	1.96	149.14	138.32	138.21	152.36	100.00	90.52
Singapore (27)	161.78	+2.5	150.00	157.38	1.58	157.77	146.33	153.59	163.97	99.29	79.35
South Africa (61)	182.50	+2.4	169.21	130.83	3.10	178.30	165.37	129.94	186.74	100.00	74.67
Spain (43)	135.71	+2.0	125.83	130.52	3.09	133.07	123.42	127.98	135.71	100.00	83.86
Sweden (33)	119.60	+0.7	110.89	114.64	2.02	118.79	110.18	113.69	124.68	90.85	90.32
Switzerland (53)	103.58	+1.9	96.04	98.73	1.68	101.68	94.31	96.99	104.06	92.01	82.35
United Kingdom (336)	154.26	+1.1	143.03	143.03	3.05	152.57	141.51	141.51	162.87	99.65	93.56
USA (591)	127.35	+0.5	118.08	127.35	2.85	126.71	117.52	126.71	128.24	100.00	98.07
Europe (933)	125.29	+0.9	116.17	118.97	2.73	124.20	115.20	117.90	128.35	99.78	88.74
Pacific Basin (686)	135.77	+0.9	125.89	129.26	0.68	134.62	124.86	128.09	158.77	100.00	90.09
Euro–Pacific (1619)	131.63	+0.9	122.05	125.16	1.47	130.51	121.05	124.02	143.65	100.00	89.56
North America (723)	127.82	+0.5	118.51	127.60	2.81	127.17	117.95	126.96	128.80	100.00	97.88
Europe Ex. UK (597)	107.31	+0.7	99.50	103.95	2.45	106.59	98.87	103.16	107.75	98.02	85.85
Pacific Ex. Japan (228)	139.67	−0.7	129.50	134.94	2.60	140.66	130.47	135.31	141.51	99.92	73.12
World Ex. US (1826)	132.44	+0.9	122.80	125.67	1.51	131.30	121.78	124.56	143.38	100.00	89.54
World Ex. UK (2081)	128.09	+0.7	118.77	124.76	1.90	127.22	118.00	123.89	133.61	100.00	92.81
World Ex. So. Af. (2256)	130.08	+0.7	120.61	126.38	2.01	129.16	119.80	125.44	135.02	100.00	92.97
World Ex. Japan (1959)	128.04	+0.6	118.72	125.27	2.77	127.28	118.05	124.52	129.24	100.00	93.54
The World Index (2417)	130.42	+0.7	120.92	126.45	2.02	129.48	120.09	125.51	135.15	100.00	92.86

Base values: Dec 31, 1986 = 100

Corrected Indices for July 27: France, Europe, Euro-Pacific, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. South Africa, World Ex. Japan and The World Index.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$440	270	19.50	145	35	100	47	$456.10
GOLD C	$460	145	7.90	208	22	100	33	"
GOLD C	$500	60	1.50	—	—	—	—	"
GOLD P	$420	5	0.50	—	—	—	—	"
GOLD P	$440	—	—	3	7.50	—	—	
		Sep 87		Dec 87		Mch 88		
SILVER C	$750	—	—	—	—	6	160	$781
SILVER C	$800	4	50	—	—	—	—	"
SILVER P	$700	2	5	—	—	—	—	"
		Aug 87		Sep 87		Oct 87		
$/FL C	Fl.205	5	4.50	—	—	—	—	Fl.209.56
$/Fl. C	Fl.210	32	1.50	64	2.20	—	—	"
$/Fl. C	Fl.230	—	—	3	0.10	—	—	"
$/Fl. C	Fl.235	—	—	3	0.10	—	—	"
$/FL P	Fl.200	—	—	2	0.20	—	—	"
$/Fl. P	Fl.205	10	0.50	8	1.20B	30	2.30A	"
$/Fl. P	Fl.210	—	—	3	3.50	—	—	
		Dec 87		Mar 88		Jun 88		
$/FL C	Fl.195	10	14	—	—	1	14.60	Fl209.56
$/Fl. C	Fl.200	36	10	8	10.50A	—	—	"
$/Fl. C	Fl.205	20	6.70	11	7.70	—	—	"
$/Fl. C	Fl.210	31	4.50	5	5.70	—	—	"
$/Fl. C	Fl.215	—	—	5	3.40	—	—	"
$/FL C	Fl.220	—	—	3	2.40	—	—	"
$/Fl. P	Fl.190	55	0.80	—	—	—	—	"
$/Fl. P	Fl.200	4	2.40	—	—	—	—	"
$/FL P	Fl.205	2	4	6	6.20	—	—	"
$/Fl. P	Fl.210	13	6.50	—	—	—	—	"
$/Fl. P	Fl.215	10	9.20	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.500	108	13.40	4	22	—	—	Fl.490.50
ABN P	Fl.480	41	15	6	20.40	36	22	"
AEGON C	Fl.100	68	3	21	5.30	10	7.20	F95.80
AEGON P	Fl.95	33	3.70	—	—	—	—	"
AHOLD P	Fl.100	7	2.50	—	—	—	—	Fl.106.40
AKZO C	Fl.170	671	7.80	147	11	5	14.60	Fl.165.80
AKZO P	Fl.160	234	4.10	192	7.40	—	—	"
AMEV C	Fl.70	69	2.20	14	4.10	—	—	Fl.66.90
AMEV P	Fl.65	33	2.50	5	3.50	—	—	"
AMRO C	Fl.80	155	5.30	4	7	100	8.90	Fl.83.30
AMRO P	Fl.75	42	1.30A	—	—	—	—	"
ELSEVIER C	Fl.54	371	4.20	—	—	—	—	Fl.52.90
GIST-BROC. C	Fl.55	113	1.90	40	3	—	—	Fl.50.50
GIST-BROC. P	Fl.45	25	1.10	20	1.70	—	—	"
HEINEKEN C	Fl.190	73	8	2	12.50	—	—	Fl.189
HEINEKEN P	Fl.180	55	4.20	—	—	—	—	"
HOOGOVENS C	Fl.45	218	3.80	68	5.90	10	6	Fl.45
HOOGOVENS P	Fl.40	254	1.80	35	2.50	—	—	"
KLM C	Fl.55	544	2.50	118	4.10	1	4.80	Fl.53.40
KLM P	Fl.50	269	1.80	670	3.20	10	4	"
NEDLLOYD C	Fl.170	368	6.90	60	8.50	5	11	Fl.159
NEDLLOYD P	Fl.150	340	6.50	62	9.70	—	—	"
NAT.NED. C	Fl.80	243	3	63	4.30	18	6.50	Fl.77.30
NAT.NED. P	Fl.70	136	1.30	108	2.30	—	—	"
PHILIPS C	Fl.60	3685	2	1149	3.10	187	4.40	Fl.55.40
PHILLIPS P	Fl.55	2245	2.70	154	3.70	13	4.70	"
ROYAL DUTCH C	Fl.280	816	11	110	16.90	3	22	Fl.263.10
ROYAL DUTCH P	Fl.270	352	4.50	2	6.50	10	8.50	"
ROBECO C	Fl.100	1	9.50	82	11.50	—	—	Fl.109.20
ROBECO P	Fl.105	18	1	—	—	10	4.50	"
UNILEVER C	Fl.144	231	4.90	11	8.30	—	—	Fl.139.40
UNILEVER P	Fl.132	—	—	100	3.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 37,609

A=Ask B=Bid C=Call P=Put

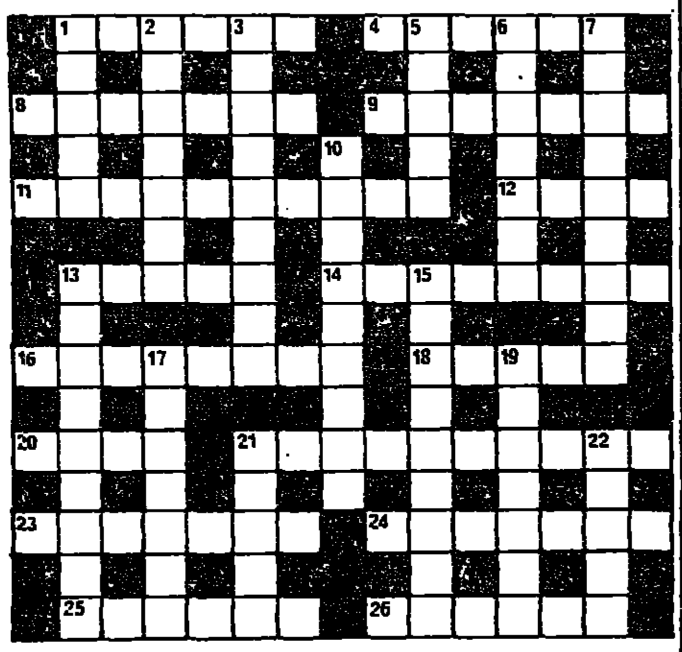
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd.	9½	Smith & Williamson Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank. Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,390

PROTEUS



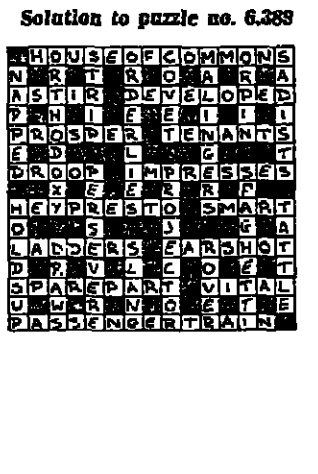
ACROSS

1 Risk fortune (6)
4 When to turn and catch tyrant (6)
8 Part of horse's foot soft at the back (7)
9 He is aimless in fishing-boat (7)
11 Put up with awful danger in turbulent assembly (4-6)
12 Keen for singer to return (4)
13 Outer covering one put on animal (5)
14 Feign illness when beginner gets one in crib (8)
16 He hangs on to family servant (8)
18 Farewell to model attendant (5)
20 Accustomed to being employed (4)
21 City show that takes the biscuit (4,6)
23 Not in favour of modern poetry (7)
24 Pipe made of alum, etc (7)
25 Girl grasps the point and returns agreement (6)
26 Book hurriedly read before burning (6)

DOWN

1 Watch a sea-lion take part in hunt (5)
2 Stare fixedly at "First Class" on back of precious stone (7)
3 A blooming automobile race! (9)
5 Protective clothing for the stage (5)
6 Forbear to accept burden (7)
7 Girl turning up without gift for head of state (9)
10 Foreshadow a silent tear perhaps (9)
13 Dry places unsuitable for this timepiece (9)
15 Eat hardly anything while actually broadcasting (4,2,3)
17 Adroitness in speech (7)
19 Certain to lie unfortunately at convenient opportunity (7)
21 When is a bowl part of another container reversed? (5)
22 Upright set up (5)

Solution to puzzle no. 6,389



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	112.0	118.5	+0.0	0.77
(Accum Units)	117.4	124.2	+0.1	0.77
British Blue Chip Fund	93.9	96.3	+1.2	2.20
(Accum Units)	93.3	96.3	+1.2	2.20
American Sm Cos Fd	53.1	56.3	+0.3	0.44
(Accum Units)	53.1	56.3	+0.3	0.45
American Income	51.8	54.8	+0.3	4.19
(Accum Units)	56.6	59.8	+0.4	4.19
European Growth	154.2	163.1	+2.4	2.45
(Accum Units)	159.7	168.9	+2.4	2.45
European Income	84.2	89.1	+1.5	3.56
(Accum Units)	88.4	93.5	+1.7	3.56
General	390.2	412.9	+6.4	1.40
(Accum Units)	648.1	685.8	+10.7	1.40
Gilt	88.0	88.4	+0.0	7.51
(Accum Units)	104.6	105.1	-0.1	7.51
Global Fund	51.6	54.6	+0.6	0.67
(Accum Units)	51.6	54.6	+0.6	0.67
High Interest Fund	47.8	50.5	+0.3	8.90
(Accum Units)	48.1	50.9	+0.3	8.90
High Income Fund	54.7	57.8	+0.8	4.54
(Accum Units)	55.5	58.7	+0.8	4.54
Income	130.6	138.2	+1.7	2.88
(Accum Units)	149.8	158.5	+2.0	2.88
International	299.6	317.0	+0.8	1.12
(Accum Units)	374.9	396.7	+1.0	1.12
Japan	200.3	211.9	+0.1	0.56
(Accum Units)	205.6	217.5	+0.2	0.55
Pacific Fd	58.0	61.3	+0.7	0.10
(Accum Units)	58.0	61.3	+0.7	0.10
Recovery	329.0	348.1	+7.1	1.43
(Accum Units)	357.7	378.5	+7.8	1.43
UK Smaller Co's Fd	56.5	59.7	+0.4	1.65
(Accum Units)	56.5	59.7	+0.4	1.65
Exempt	367.2	376.4	-2.7	2.28
(Accum Units)	575.3	590.0	-4.1	2.28

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin July 22	646.0	654.0	—	1.06

Metropolitan Unit Trust Mngrs Ltd
5 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	66.0	70.2	+1.2	4.27
Accum Units	66.0	70.2	+1.2	4.27
UK Growth Fund Acc	64.5	69.4	+0.7	1.42

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	451.4	475.2		—
Property	281.7	296.5		—
Equity	581.5	612.1		—
Gilt Edged	361.9	380.9		—
Deposit	204.7	215.5		—
Investment	248.0	260.4		—
International	420.3	442.3		—
Pension Fund Prices				
Managed Init		334.5		—
Do Accum		409.8		—
Property Init		284.2		—
Do Accum		299.0		—
Equity Init		451.1		—
Do Accum		551.8		—
Gilt-Edged Init		235.6		—
Do Accum		283.5		—
Guaranteed Init		158.0		—
Do. Accum		193.6		—
International Init		503.8		—
Do. Accum		616.5		—
Index Lk Gilt Init		139.1		—
Do. Accum		170.2		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	303.5	+0.8	—
Property Pens.	401.6	+1.4	—
Equity	206.4	-0.8	—
Equity Pens	935.3	-4.7	—
Money Market	305.5	-2.8	—
Money Mkt. Pens	548.3	-5.0	—
Deposit	237.1	+0.1	—
Deposit Pens	377.6	+0.1	—
Managed	302.4	+0.6	—
Managed Pens.	584.4	+0.4	—
Intl Equity	354.6	+3.8	—
Do. Pens.	573.6	+6.2	—
Intl Managed	325.4	+2.6	—
Do Pens.	480.0	+3.7	—
North American	133.5	+0.9	—
Do. Pens.	153.7	+1.4	—
Far East	291.9	+0.9	—
Do Pens.	425.7	+1.4	—
Intl Currency	173.8	+0.0	—
Do Pens.	226.7	+0.0	—

National Provident Inst.—Contd.

Far East Initial	484.6	510.2
Far East	579.7	610.3
Prop Initial	140.8	148.3
Prop	168.6	177.5
Fixed Int. Initial	186.2	196.1
Fixed Int.	222.9	234.7
Indexed Gilt Initial	103.9	109.4
Indexed Gilt	123.1	129.6
Deposit Initial	134.7	141.8
Deposit	162.9	171.5
NPI Pensions Management Ltd		
Managed Fund	952.2	969.2

Prices July 1. Next dealing August

Norwich Union Asset Management
PO Box 124, Norwich NR1 1JS

NUAM Funds		
Managed Fund	58.0	61.1
Stock Market Mngd Fund	59.9	63.1
Equity Fund	66.0	69.5
International Fund	54.9	57.8
European Fund	57.9	61.0
North American Fund	51.3	54.0
Pacific Fund	62.7	66.1
Property Fund	50.8	53.5
Fixed Interest Funds	49.8	52.2
Index Linked Sec Fund	46.0	48.5
Deposit Fund	50.8	53.5
NUAM Retirement Plans		
Mixed Fund	62.4	65.7
UK Ordinary Share	76.0	80.0
International Fund	56.5	59.5
Property Fund	51.7	54.5
Fixed Interest Fund	50.9	53.6
Index Linked Sec Fund	45.9	48.4
Deposit Fund	52.8	55.6
NUAM (MF)		
Managed Fund	795.9	837.8
Equity Fund	1761.6	1854.4
Property Fund	315.7	332.4
Fixed Interest Fund	364.8	384.0
Deposit Fund	207.4	218.4
International Fund	142.5	150.0
Index Linked Sec Fund	46.1	48.6

O'Halloran & Co/Countrywide
c/o 41, Broadway, Peterborough, PE1 1SJ 0733 44830

Managed Fd	148.5	156.4		—

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

Fixed-Bond	171.1	179.7	+1.3	—
Fixed Pension Bond	163.7	172.0	+1.4	—
Managed Bond		120.8		—
Managed Pension		128.2	-0.1	—

The Parchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Parchester Managed Funds				
Albany (z)	131.90	138.80	-0.3	—
Cornhill (z)	116.00	122.50		—
Irish Life (z)	131.90	138.90		—
Royal Heritage (z)	119.40	125.70		—
Schroder (z)	110.20	116.00	+0.6	—
Skandia (z)	151.8	159.7		—
Target (z)	135.90	143.10	+0.2	—
Trident (z)	135.30	142.50	+0.5	—
Parchester Managed Pension Funds				
Albany (z)	148.50	156.30	-0.2	—
Schroder (z)	108.80	114.50	+0.7	—
Skandia (z)	141.4	148.8		—
Target (z)	134.90	142.00		—

Managed by Parchester Securities Limited

Roxborough Financial Services Plc
5-11 Fetter Lane, London, EC4A 1PH. 01-353 4040

Managed Fd (MI)		117.8	-0.2	—
Pension Managed (MI)		106.8	-0.2	—
Multi-Trust Fund (SK)	104.5	109.9		—

Barrington Mgmt (CI)—Barrington Fd
Kleinwort Benson Hse, St Helier, Jersey 0534 78866

Intl Inc July 23	206.0	213.0		3.89

Bermuda Intl Invmnt Mgmnt Ltd
Bank of Bermuda Buildings, Bermuda 809-295-4000

Bda Intl Bond (Cap)	$24.91	25.17		—
Bda Intl Bond (Inc)	$11.47	11.60		—
Bda Intl Commodity	$10.69	10.70		—
Bda Intl Crncy (Mgd)	$14.40	14.55		—
Bda Intl Equity (Cap)	$16.66	17.00		—
Bda Intl Equity (Inc)	$15.20	15.52		—
Cdn $ Inv Bond A	C$13.44	13.59		—
Canadian $ Inv Bd B				—
Forexfund	$8.48	8.66		—
Jap Open Spcl Situ	$21.92	21.49		—

Bishopsgate Commodity Ser. Ltd
PO Box 42, Douglas, IoM 0624 23911

ARMAC** July 6	$86.90	92.40		—
COUNT** July 6	£5.245	5.563		—

Original issue *$10 and **£1. Next subs August 3.

Brazil Capital Services Ltd
20 Cornhill Avenue, London, EC2R 7PA. 01-588 6064

The Brazil Fd.	$2.02		—

Bridge Management Guernsey Ltd(a)(c)(h)
PO Box 311, St Peter Port, Guernsey, CI 0481 710711

Vickers da C Bond Acc	1.606	1.686		—
Vickers da C Bond Inc	1.319	1.338		—
Worldinvest Cap fd Acc	1.823	1.914		—

Bridge Management Ltd
GPO Box 590, Hong Kong

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101¾	100¼	Treas. 12pc 1987	100¼	+1/16	11.93	9.14
99[illegible]	97[illegible]	Treas 7¾pc 1985-88‡‡	99½	.....	7.79	8.73
102¼	99[illegible]	Exch 10½pc '88	100[illegible]	.....	10.43	9.49
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	100[illegible]	+[illegible]	9.74	9.50
97[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	+[illegible]	3.10	6.74
101[illegible]	98[illegible]	Treas. 9½pc '88	99[illegible]	+[illegible]	9.52	9.58
105[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	+[illegible]	11.19	9.52
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	99[illegible]	+[illegible]	9.51	9.55
94[illegible]	89¾	Treas 3pc 1989	94[illegible]	.....	3.19	6.55
104[illegible]	99[illegible]	Treas 10½pc 1989	101[illegible]	+[illegible]	10.33	9.51
103[illegible]	98[illegible]	Exch 10pc 1989	100[illegible]	+[illegible]	9.92	9.53
105¼	100¼	Exch 11pc 1989	102[illegible]	+[illegible]	10.71	9.52
95[illegible]	89[illegible]	Treas 5pc 1986-89	94¼	.....	5.28	7.63
108[illegible]	100¼	Exch 10¼pcCv '89	102[illegible]	+[illegible]	9.98	8.89
111[illegible]	105[illegible]	Treas 13pc 1990‡‡	107[illegible]	+[illegible]	12.08	9.44
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	103[illegible]	+[illegible]	10.65	9.49
110[illegible]	104[illegible]	Exch. 12½pc 1990	106[illegible]	+[illegible]	11.72	9.55
91[illegible]	84[illegible]	Treas. 3pc 1990	90[illegible]	+[illegible]	3.31	6.75
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	97[illegible]	+[illegible]	8.43	9.09
105	97½	Treas. 10pcCv 1990	101[illegible]	+[illegible]	9.88	9.54
89[illegible]	81[illegible]	Exch 2½pc 1990	88[illegible]	+[illegible]	2.83	6.48
110¼	103¼	Treas 11¾pc 1991	106[illegible]	+[illegible]	11.05	9.51
95[illegible]	87¼	Funding 5¾pc '87-91‡‡	92[illegible]	+[illegible]	6.70	8.05
89[illegible]	80¼	Treas. 3pc 1991	87[illegible]	+[illegible]	3.42	6.69
110¾	100[illegible]	Treas 10pc Cv '91 ‡‡	103[illegible]	+[illegible]	9.71	9.07
109¾	101[illegible]	Exch. 11pc 1991	104[illegible]	+[illegible]	10.50	9.57
18[illegible]	17[illegible]	Treas. 8pc 1991 (20pd)●	18[illegible]	+[illegible]	8.23	8.78
116[illegible]	108[illegible]	Treas 12¾pc 1992‡‡	111[illegible]	+[illegible]	11.43	9.51
106[illegible]	97[illegible]	Treas 10pc 1992	101[illegible]	+[illegible]	9.81	9.46
99[illegible]	94[illegible]	Treas. 8pc 1992 ‡‡	94[illegible]	+[illegible]	8.15	8.47
108[illegible]	99[illegible]	Treas 10½pc Cv 1992‡‡	103[illegible]	+[illegible]	10.11	9.47
85¾	85[illegible]	Treas. 3pc 1992	85[illegible]	+[illegible]	3.50	6.46

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1986: 391.70 and for June 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

Money Market Bank Accounts

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Continued

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	404	–1	†g9.25	2.9	3.1	15.1
430	316	Pearl Group 5p	393	+5	10.5	—	3.7	—
*£11¼	804	Prudential	£10⅞	+¼	29.0	—	3.8	—
580	433	Refuge 5p	565	+2	15.75	—	3.8	—
589	423	Royal	549	+13	h15.5	—	3.7	—
103	89	Saltire Ins. Inv.	102	+2	—	—	—	—
*344	274	Sedgwick Group 10p	339	+4	12.0	1.7	4.8	14.5
339	207	Steel Burrill J.10p	320		9.0	2.0	3.9	17.8
668	403	Stewart Wr. 20p	635	+5	13.0	2.0	2.8	22.5
612	377	Sturge Hldgs 20p	605xd		†16.0	2.5	1.4	39.7
£10⅞	645	Sun Alliance	£10⅞	+¼	23.5	—	2.9	—
£12½	929	Sun Life 5p	£12¼	+⅛	28.5	—	3.1	—
£69⅞	£39	♦Taisho M EDR	£48⅝	–½	g010%	—	0.9	—
£21¼	£14⅝	Torchmark $1.00	£18¼	+⅝	Q60c	—	2.0	—
380	235	Trade Indemnity	377		4.3	—	1.6	—
£34	£24⅞	Travelers $1.25	£28¼xd	+⅛	$2.28	—	4.9	—
£30⅝	£22⅝	USF & G Corp $2.50	£24½		Q$2.48	—	6.2	—
£32½	£20⅞	USLIFE Corp. $1.0	£24⅛	+⅛	Q$1.20	3.2	3.0	5.3
728	555	‡Utd Friendly B 10p	728	+10	21.0	—	4.0	—
464	367½	Willis Faber 12½p	423		10.75	1.9	3.5	21.3
94	41	Windsor Secs. 10p	94	+6	†0.7	1.5	1.0	86.8

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
34	11½	‡A & M Group 10p	32	+3½	0.4	2.0	1.7	40.0
83½	69	A-R TV Pref. £1	80		5.95	48.1	12.2	—
242	189	Airlines 10p	280	+1	R5.4	2.5	3.8	14.6
*549	302	Anglia TV	431		†g11.25	3.3	3.6	12.0
184	108	‡Aspinall Hldgs. 10p	155	+5	6.0	1.2	5.3	21.2
141	63	‡Avesco 1p	123	+2	0.5	6.7	0.6	34.8
65	40	‡BCE Hldgs 5p	57		R¤1.0	3.0	2.4	18.9
255	132	Barr & W.A.T. 'A'	233	–2	8.0	1.4	4.7	19.0
58	19	Bond Media	44		—	—	—	—
225	165	Boosey & Hawkes	225		—	—	—	—
83	45	‡Border T.V.	68	+2	1.4	♦	3.2	♦
*423	79½	Brent Walker 10p	420	+7	g8.5	2.2	3.3	20.3
*292	110	Campari Int. 20p	269		3.0	5.1	1.5	13.8
306	211	Castle Comms. 5p	303		R7.0	2.2	3.3	19.3
211	127	Capital Radio 10p	176	–2	W†3.0	1.8	3.9	19.1
674	370	Central ITV	560	+1	17.0	2.3	4.2	14.5

PAPER, PRINTING—Continued

PROPERTY

MOTORS

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES—Continued

THIRD MARKET

NOTES

tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	91	+1
Craig & Rose £1	620	
Finlay Pkg. 5p	125	+1
Holt (Jos) 25p	1003	
IoM Stm. £1	146	
IRISH		
Fund 11¼% 1988	£100⅜	
Nat. 9¾% 84/89	£97⅞	
Fin. 13% 97/02	£103⅝	
Arnotts	370	–10
CPI Hldgs	85	
Carroll Inds.	165	
Dublin Gas	18	
Hall (R. & H.)	145	+10
Heiton Hldgs.	50	
Irish Ropes	198	–5
Unidare	430	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	20
BAT	55
BOC Grp	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	50
Blue Circle	58
Boots	25
Bowaters	50
Brit Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	200
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	10
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	110
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1

* New time dealings may take place from 9.00 am two business days earlier.

CBI survey helps recovery in Government bonds and leading share prices

An encouraging review of prospects at leading UK companies, compiled by the Confederation of British Industry (CBI) helped to stimulate a recovery in the UK securities markets yesterday. With domestic money market rates steadier, share prices opened sharply higher as traders responded to the details of the CBI survey, which were known by the time the City started dealing.

The recovery in equities, while partly technical, reflected significant gains in such industrial leaders as **Imperial Chemical Industries** and **Glaxo**, as well as in the financial sector, where the composite insurances did well. **National Westminster Bank's** half-time results were well taken in the marketplace and brought a brighter picture in the banking area.

Turnover in equities was very thin, however—"pitiful" as one rader described it, and there was little sign of foreign interest.

The new BAA stock made a satisfactory start, although only a handful of marketmakers traded the stock, and brokers shied away from involvement in yet another rush of small bargains.

The FT-SE 100 index closed a net 26.0 points up at 2359.9, near to the day's peak. SEAQ bargains at 51,949 showed only a modest gain on recent levels. The FT Ordinary Index gained 20.8 to 1855.0.

A revival of confidence in the financial sector played a significant role in the market's upturn. Morgan Grenfell told clients that it "confidently expects sharp profit increases and substantial dividend lifts in the composite insurance sector"—and investors chose to brush off the investment firm suggestion that this might not prevent shares from underperforming.

General Accident and **Guardian Royal** stood out well among the insurance groups, and **Prudential** also gained ground. Banking shares looked significantly firmer as the interim reporting season passed off without any ugly surprises—only **Barclays** is now left to declare first-half earnings.

The recovery in Gilt-edged was more convincing, if only because the buying, which came mostly from domestic sources, appeared to take out any remaining bear positions. The Treasury market closely followed the LIFFE futures, ending just off the top with net gains of ⅝ in longer dates and a shade less in mediums. Short dated Gilts made little response to the improved trend in the money market.

Gilt-edged "felt a lot better," commented one marketmaker, but agreed that the outlook must remain uncertain until the UK trade figures for July are announced, early next month.

BAA shares made their public debut in active trading, although the list of marketmakers was significantly shorter than in previous privatisation issues. Worries over the expected flood of small bargains has been aggravated by the City's growing concern ahead of next Monday's Settlement Day, known to be facing problems with a weight of unmatched trades.

However, turnover of 134m of the 100p partly-paid shares saw the price open at a premium of 42p, a level held for the rest of the session, before closing at 46p premium.

The chief marketmaker was County Securities, which has an edge on its rivals by way of its association with National Westminster Bank, which offered instant dealings to its small customers. The quoted price spread, between 7p and 5p was a shade wider than usual for a major trading stock but the session passed comfortably, with most of the marketmakers "making money" and many of the brokers keeping out of the way.

National Westminster Bank shares responded well to the interim earnings report, gaining 11 to 762p. There was some brief uncertainty over gains from Gilt-edged dealings and from transfer reserves, but analysts expressed confidence for the full year figures.

Salomon Bros predicts £921m pre-tax rising to £1.55bn pre-tax by 1989, when earnings per share could reach 134p a share, compared with a prospective 94p this year, according to the US firm.

ICI, overshadowed recently by talk of a possible rights issue, came to life with a flourish and closed ⅞ to the good at £15⅞ as Warburg Securities, a leading investment house, took a bullish stance ahead of the company's half-year figures scheduled for tomorrow.

Warburg's are forecasting pre-tax profits of around £700m for the half-way mark and think that it is increasingly unlikely that the company will make any funding moves.

Glaxo, up ⅜ at £17⅛ were also in the limelight as the market reacted favourably to the company's proposed Swiss acquisition.

Glaxo has agreed to purchase the biotechnology research facilities of Biogen in Geneva. Through the acquisition Glaxo should gain immediate access to high quality expertise in the technology of molecular genetics which will become an integral part of its research organisation.

Harris Queensway, the carpet, furniture and electrical retailer, bucked the trend in a relatively buoyant Stores sector as the market reacted to news of the departure of chief executive Peter Carr following an apparent split with Sir Phil Harris. Sir Phil will now assume the duel role of chairman and chief executive.

Queensway shares, finally 13 lower at 218p are now around the level prevailing in early May when the group revealed static earnings per share for the first time since 1981 following an "exceptionally high" profit emenating from property transactions.

Storehouse, the retail group comprising the British Home Stores, Habitat and Mothercare outlets, also gave ground, closing 3 off at 332p as Sir Terence Conran effectively hoisted a "not for sale" banner on the various business at yesterday's annual meeting.

Harris Queensway and Storehouse expected, Stores put on a much brighter showing. Modest gains were established by **Marks and Spencer**, 264p, **W. H. Smith**, 386p—the preliminary results are expected next month—and **Sears** which hardened 4 more to 182½ in anticipation of further forays by Bell Group, the master company of Robert Holmes à Court. **Ward White**, the acquisitive group headed by Mr Phillip Birch, advanced 12 to 430p helped by a bullish note from Chase Manhattan Securities, but news of a proposed £14.3m rights issue left **Lee Cooper** 7 cheaper at 323p. Fresh speculative demand was responsible for noteworthy gains in **Bentalls**, 13 up at 178p, **S. R. Grant**, finally 9 better at 128p, and **Dunhill**, which trading in th new slimmed-down from following th recent 3-for-1 scrip issue, improved 17 to 243p. **Sumrie Clothes**, the latest "shell" situation in the sector, touched 328p before settling another 38 to the good at 296p; Mr J. R. Horrocks now controls 8.6 per cent of equity.

In contrast to Monday's session, Electricals displayed a decidedly firmer bias. **Cable and Wireless** featured wiht an advance of 17 to 429p as the confident tenor of the chairman's statement at the annual meeting prompted a "buy" recommendation from BZW Securities. **British Telecom** hardened a few pence to 290p in sympathy. **Thorn EMI**, depressed of late, rallied 9 to 756p as the group revealed further MoD contracts for its Guardian radar countermeasures system; sentiment was also lifted by news that Rumbelow's, Thorn's electrical retailing operation, has achieved a record market share of 7.2 per cent.

Chloride, the battery group headed by Sir Michael Edwardes, rose 3 to 106p following confirmation of the reorganisation of the group's interests in India and south east Asia. Increased interim profits and dividends served to induce occasional interest in **Questel**, 3 up at 256p, **Radius**, 8 better at 273p, and **Goring Kerr**, 25 to the good at 345p. A Press mention lifted **Apricot** 5 to 117p, while revived interest ahead of Friday's half-timer saw **Electronic Machine** another 40 dearer at 260p. **Ealing Electro-Optics**, mid-term results scheduled for next Thursday—Philips and Drew anticipate pre-tax profits of £0.8m—put on 82 more to 291p. **Lynx Technology** began life at 75p—a premium of 10 on the 65p placing price.

Engineers again provided several noteworthy movements. **Downibrae** met with further persistent buying on expansion hopes and advanced 33 further to 248p. **Victor Products**, in which NEI recently increased its stake, moved up 13 further to 188p, while **Brasway** firmed 8 further to 116p on the preliminary figures. Interest revived in **Glynwed** which improved 11 to 544p, while **Rolls-Royce** took a distinct turn for the better, improving 5 to 119p in a volume of 10m shares.

Another lacklustre session in Foods was nelivened by **Hillsdown** which rose 9 to 320p following a recommendation from Philips and Drew. Occasional support was also noted for **Rowntree**, 12 up at 550p, but **RHM**, buoyed of late by hopes of a bid from Goodman Fielder, encountered sporadic profit-taking to close 7 off at 343p.

Hotels attracted a substantial measure of attention. **Mount Charlotte** met early offerings and settled 3 lower at 157p as the better-than-expected interim results were partially offset by the acquisition of three London hotels from International Leisure in a deal valued at £96m. Bid hopes following the recent sale of strategic stakes in the group lifted **Norfolk Capital** another 8 to 55½p. Sympathetic support saw **Kennedy Brookes** 14 up at 403p and **Stakis** 6½ firmer at 123p.

Leading miscellaneous industrials ook a turn for the better with **BOC** improving 8 to 528p and rises of around 4 recorded in **BTR**, 335p and **Beecham**, 564p. Elsewhere, further consideration of the recent US avionics deal prompted buying of **Smiths Industries** which put on 14 to 344p, while favourable comment on the interim figures left **Reuters** up 9 further at 886p. **Black Arrow** were good again at 375p, up 20, while **Hawley Group** hardened 4 to 167½p on the Australian deal. **Lilleshall** jumped 35 to 433p on the announcement that the Manny Davidson Discretionary Trust had increased its holding in the company to 10.2 per cent. Renewed speculative demand left **Celestion** up 6 more at 67p, but **Dobson Park** contrasted with a fall of 8 at 145p in the wake of the proposed rights issue to raise £25.2m.

Property shares made a better showing with **Land Securities** prominent at 571p, up 8, among the leaders. Comment on the results prompted a further improvement of 5 to 314p in **Mountleigh**, while **Southend Stadium** rose ⅜ to £10⅝ on the announcement of the pre-letting of 86,000 sq ft of Stephenson House at a rent equating to £22 per sq ft. **Randsworth**, helped by a Greenwell Montague circular, gained 10 to 285p. Speculative activity left **Hampton Trust** 10 to the good at 126p. **Trencherwood** gained 10 to 420p following the interim figures.

Interest in the Oil sector was at a relatively low level, but quotations finished the day on a slightly firmer note. **Britoil**, however were quite a lively market (some 8.1m shares changed hands) awaiting the interim figures scheduled for Friday and closed 11 to the good at 317p. Elsewhere, **Ultramar** revived with a rise of 16 at 302p.

Dealings commenced in **Kingston Oil and Gas** which touched 150p before closing at 140p compared with the placing price of 100p per share.

Gold shares had a quiet session in London, with only a touch of Continental buying to help prices edge higher. The Cape also showed some interest but the sector made little response to the upturn in the global bullion price.

Heavyweight stocks, such as **Consolidated Gold Fields** and **RTZ** moved higher with the rest of the London equity market but saw only very modest turnover.

FINANCIAL TIMES STOCK INDICES

	July 28	July 27	July 24	July 23	July 22	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	88.76	88.37	89.35	89.37	89.54	89.04	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.52	96.73	96.90	97.00	97.39	95.74	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1855.0	1834.2	1845.0	1836.1	1832.4	1271.6	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	440.0	439.8	442.8	447.5	446.3	205.0	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.10	3.14	3.12	3.13	3.13	4.34				
Earnings Yld.%(full)	7.52	7.62	7.58	7.61	7.60	10.38				
P/E Ratio (net) (*)	16.35	16.12	16.22	16.15	16.17	11.73				
SEAQ Bargains (5 pm)	51,949	47,113	58,915	46,687	45,720	—				
Equity Turnover (£m)	—	1,545.45	—	2103.37	2013.98	458.11				
Equity Bargains	—	61,397	—	57,365	58,757	19,068				
Shares Traded (ml)	—	712.0	—	734.5	747.4	239.2				

S.E. ACTIVITY

Indices	July 27	July 24
Gilt Edged Bargains	138.7	—
Equity Bargains	397.8	—
Equity Value	3123.8	—
5-Day Average		
Gilt Edged Bargains	—	—
Equity Bargains	—	—
Equity Value	—	—

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1844.8	1850.1	1854.3	1852.4	1851.8	1853.7	1853.7	1858.3

Day's High 1859.2 Day's Low 1844.8. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=16.05.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traded options

Traded option activity, somewhat curtailed in recent sessions, improved with 44,318 contracts transacted. The improvement, however, was almost totally attributable to the introduction of BAA which contributed 16,267 trades—9,402 calls with 4,348 struck in the August 140 series—and 6,865 puts, 2,255 of which were done in the February 140's.

Traditional Options

- First dealings July 20
- Last dealings July 31
- Last declaration Oct 22
- For Settlement Nov 2

For rate indications see end of London Share Service

Calls were taken out in Charterhall, Associated British Engineering, Hartwells Group, London Financial Investment, Rotaprint, Joseph Webb, Platignum, Consolidated Gold Fields, Norfolk Capital, Fitwilton, Hyman, United Guarantee, Kellock, Pavion, Plessey, Burns Anderson, Charles Barker, Martin Ford, Eagle Trust, Hawley Group, ASDA-MFI, Atlantic Resources, Control Securities, Hanson Trust, Pericom, Cowan de Groot, Alexander Russell, Dowding and Mills, Rexmore, British Dredging, Hawtin and Brent Walker. Puts were arranged in Rotaprint and Cowan de Groot, while double options were transacted in Brown and Jackson and Rolls-Royce.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,000	202	+1
Allied Lyons	1,100	456	+2
Amstrad	1,300	181	+4
Argyll Group	1,100	449	+5
Assoc. Brit. Foods	391	386	—
BAT	1,400	634	+3
BET	1,900	291	+7
Jaguar	2,200	509	+6
Ladbroke	1,200	442	−2
Land Securities	1,300	571	+8
Legal & Gen.	678	330	+9
Lloyds Bank	4,400	389	−10
Lonrho	4,600	290	+9
MEPC	658	552	+9

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	110	0	3
Corporations, Dominion and Foreign Bonds	17	7	34
Industrials	707	271	587
Financial and Properties	295	74	230
Oils	42	20	52
Plantations	4	0	10
Mines	51	55	84
Others	109	58	95
Totals	1,335	485	1,095

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (166)

AMERICANS (9). CANADIANS (1). BANKS (2). BREWERS (3). BUILDINGS (1). CHEMICALS (9). STORES (9). ELECTRICALS (14). ENGINEERING (14). FOODS (4). HOTELS (1). INDUSTRIALS (43). INSURANCE (3). LEISURE (1). MOTORS (4). NEWSPAPERS (3). PAPERS (6). PROPERTY (5). SHIPPING (3). SHOES (1). TEXTILES (2). TRUSTS (32). OILS (4). PLANTATIONS (1). MINES (11). THIRD MARKET (2).

NEW LOWS (2)

LOANS (1) N'wide 3⅞pc H. 2021. AMERICANS (1) CityFed Fin Corpn.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Tuesday July 28 1987

	Index No.	Day's Change %
1 CAPITAL GOODS (212)	1002.22	+1.0
FT-SE 100 SHARE INDEX ♦	2359.9	+26.0

FIXED INTEREST

LONDON TRADED OPTIONS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

صورة من الأصل

WORLD STOCK MARKETS

AUSTRIA

July 28	Price Sch%	+ or −
Creditanstalt	2115.00	......
Goesser	3185.00	+35
Interunfall	12,200	−200
Jungbunzlauer	8850	+250
Laenderbank	2010.00	−10
Perlmooser	768.00	+8
Steyr-Daimler	130.00	−1
Veitscher Mag	889.00	......

BELGIUM/LUXEMBOURG

July 28	Price Frs.	+ or −
B.B.L.	3395	+20
Banque Gen. Du L.	15300	......
Bank Int. A	14300	......
Bekaert B	12500	+500
Ciment CBR	6360	......
Cockerill	177	......
Delhaize	3900	+55
EBES	5480	+220
Fabrique Nat	1550	+5
GB Inno BM	1440	+60
GBL (Brux) L	4220	+90
Generale Bank	6750	+60
Gevaert	8250	+120
Hoboken	8990	−110
Intercom	4320	+40
Kredietbank	4855	+50
Pan Holdings	13050	......
Petrofina	14000	+550
Raffinerie Tirle	1845	+25
Royale Belge	6300	......
Soc Gen Belge	4165.00	−5
Sofina	15825	+25
Solvay	15050	+400
Stanwick Intl.	500	......
Tractebel	8480	+180
UCB	11925	......
Wagons Lits	5730	−10

DENMARK

July 28	Price Kr %	+ or −
Baltica Skand	955.00	+5
Cop Handelsbank	271.00	+2
D. Sukkerfab	292.00	+3
Den Danske Bank	349	......
East Asiatic	188.00	+2
Forenede Brygg	820	+15
GNT Holding	231.00	+5
I.S.S.B. Systems	775.00	−5
Jyske Bank	520	+5
Novo Inds.*	272.00	+5
Privatbanken	271.00	+1
Sophus Berendsen	900.00	+5
Superfos	235.00	+2

FINLAND

July 28	Price Mka	+ or −
Amer	256.5	−1
KOP	55.85	+0.1
Kone	245.5	+4
Finnish Sugar	99	−2.5
Nokia	205.5	+1.5
Pohjola 'B'	106.5	+1
Rauma-Repola	37	+1
Stockmann 'B'	265	+2
UBF 'C'	35.55	+0.3
Utd. Paper	169	+1.5
Wartsila (s11)	246.5	−1

FRANCE

July 28	Price Frs.	+ or −
Emprunt 4½% '73	1899	+24
Emprunt 7% 1973	9090	+30
Accor	474	−4
Agence Havas	545	+2
Air Liquide	684	+2
Alcatel	2488	−11
BIC	713	+3
BNP (Cert. Inv.)	540	−5
Bongrain	2695	−55
Bouygues	1210	+35
BSN Gervais	4800	+5
Carrefour	3239	+20
Club Mediterranee	635	+4
Cie Bancaire	668	+6
Cofimeg	340	......
CGE	331	+1
Damart	2801	−34
Darty	435	+13
Dumez S.A.	1132	+11
Eaux (Cie Gen)	1255	−5
Elf-Aquitaine	380	−1.5
Essilor	3750	+21
Gen. Occidentale	1132	−53
Imetal	165	+5.5
Lafarge Coppee	1659	+11
L'Oreal	4040	+59
Legrand	2775	+20
Maisons Phenix	76	−1
Matra S.A.	2045	−25
Michelin B.	3295	+44
Midi (Cie)	1310	[illegible]
Moet-Hennessy	2805	+25
Moulinex	72	[illegible]
Nord Est	175	+3
Paribas	456.00	......
Pernod Ricard	984	−1
Perrier	830	+3
Petroles Fra	469	−17
Peugeot S.A.	1450	+21
Printemps Au	640	−5
Radiotech	1440	−30
Redoute	2955	−26
Roussel-Uclaf	1451	−24
St. Gobain	461	+3.5
Sefimeg	466	+6
Skis Rossignol	1225	......
Telemech Elect	3146	+6
Thompson (CSF)	1360	+5
Valeo	575	−12

GERMANY

July 28	Price Dm.	+ or −
AEG	323	+4.5
Allianz Vers	1960	−5
BASF	315.30	+4.3
Bayer	345	+2.5
Bayer-Hypo	446	+24
Bayer-Verein	444.80	−0.2
BHF-Bank	463	−2
BMW	708.50	+9.5
Brown Boveri	319	−2
Commerzbank	289.50	+6.2
Cont'l Gummi	353.50	+2.5
Daimler-Benz	1159	+13.5
Degussa	542	......
D'sche Babcock	243.50	+12
Deutsche Bank	647	+12
Dresdner Bank	337.50	+7.5
Feldmuehle Nobel	330	+5
Henkel	560	+12.5
Hochtief	679.50	+6.5
Hoechst	325.20	+2.9
Hoesch Werke	122.50	−2.8
Holzmann (P)	490	+2
Horten	239.50	+0.5
Hussel	612	+12
Karstadt	520	+15
Kaufhof	500.50	+20.5
KHD	173.80	+3.8
Kloeckner	152	−4.5
Linde	747.50	+9.5
Lufthansa	192	−0.5
MAN	190	−0.5
Mannesmann	173.50	+1.5
Mercedes Hld.	979	+10
Metallgesell	377	+7
Muench Rueck	2000	−10
Nixdorf	836	+1
Porsche	970	−6
Preussag	197.50	+1.5
Rhein West Elect.	232	−0.5
Rosenthal	280	−0.2
Schering	599	−2.5
Siemens	678.50	+7
Thyssen	127	−3.9
Varta	355	+2
Veba	310.60	+1.1
V.E.W.	160.50	+0.3
Verein-West	427	+3
Volkswagen	402	+10.5

ITALY

July 28	Price Lire	+ or −
Banca Com'le	3300	+17
Bastogi-IRBS	612	+4
CIR	6030	+20
Credito Italian	1965	+15
Fiat	12,200	+30
Generali Assicur	132,700	−100
Italcement	106,850	+850
La Rinascenti	1240	+2
Montedison	2468	−2
Olivetti	12,450	+50
Pirelli Co	6460	+10
Pirelli Spa	4985	+45
Saipem	3850	+20
Snia BPD	3705	+53
Toro Assic	31,190	+180

NETHERLANDS

July 28	Price Fls.	+ or −
ACF Holding	63.50	+0.5
AEGON	95.80	......
Ahold	106.40	+0.1
AKZO	165.80	+2.6
ABN	490.50	−1
AMEV	66.90	+0.5
AMRO	83.30	+0.8
Buehrmann-Tet	35.70	+0.1
Dordtsche Petroleum	252.50	−0.8
Elsevier-Ndu	52.90	−0.9
Fokker	54.10	−0.2
Gist Brocades	50.50	+0.2
Heineken	189.00	+0.2
Hoogovens	45	+1.6
Hunter Douglas	63.60	+2
IHC Caland	22.50	+0.5
Int Mueller	67.60	−0.4
KLM	53.40	+1.1
KNP	164	+0.5
Nat Ned Cert	77.30	−1.1
Ned Mid Bank	172	−1.5
Ned Lloyd	159	−8.5
Oce Grinten	463	+3
Ommeren (Van)	37.70	−0.1
Pakhoed	80.50	+0.2
Philips	55.40	−0.9
Robeco	109.20	+0.7
Rodamco	141.50	+0.1
Rolinco	101.30	+0.8
Rorento	52.10	−0.1
Royal Dutch	283.10	+0.9
Unilever	139.40	+0.7
VMF Stork	26	+0.6
VNU	90	......
Wessanen	85.90	−0.1
Wolters Samsom	128	+3

NORWAY

July 28	Price Kroner	+ or −
Aker-Norcem	72.50	......
Bergen bank	183.00	+1.5
Borregaard B	405.00	−11
Christiania Bk	199.00	......
Den Norsk Credit	159.00	−1.5
Elkem	119.50	+1
Kosmos	131.50	+2
Kvaerner	219.50	+2
Norsk Data	227.00	......
Norsk Hydro	237.00	+1.5
Orkla Borregaard	422.00	+2.5
Storebrand	360.00	......

SPAIN

July 28	Price Pts. %	+ or −
Banco Bilbao	1531.00	+32
Banco Central	1022	+10
Banco Exterior	499.00	+14
Banco Hispano	549	+14
Banco Popular	1779	+4
Banco Santander	1321	+4
Banco de Vizcaya	2150.00	......
Banesto	865.00	+40
Dragados	844.00	+9
Hidrola	76.20	+5
Iberduero	113.00	......
Petroleos	650.00	+26
Telefonica	225.70	−0.3

SWEDEN

July 28	Price Kroner	+ or −
AGA (free)	221	+5
Alfa-Laval	318	−1
ASEA (Free)	391	−7
Astra (Free)	286	+2
Atlas Copco	178	+4
Beijer A Fria	229	......
Cardo (Free)	360	......
Cellulosa	363	......
Electrolux B	296	+2
Ericsson	235	+2
Esselte	180	+5
Mo Och Domsjo	400	+10
Pharmacia	211	+2
Saab-Scania (free)	640	......
Sandvik	180	+3
Skandia Ins	172	+7
Skandia Intl	250	+7
Skan Enskilda	143	+4
SKF	358	+3
St. Kopparbergs	402	+4
Svka Handelsbn	490	+8
Swedish Match	104	......
Volvo B (Free)	367	+5

SWITZERLAND

July 28	Price Frs.	+ or −
Adia Intl.	11800	+200
Alusuisse	795	+33
Bank Leu	3600	+100
Brown Boveri	2495	+20
Ciba Geigy	4000	+130
do. (PtCts)	2700	+60
Credit Suisse	3345	+55
Elektrowatt	3725	+25
Fischer (Geo.)	1500	......
Hoff-Roche (Pt Cts)	147500	+1750
Hoff-Roche 1/10	14775	+225
Jacobs Suchard	9900	+175
Jelmoli	3850	+25
Landis & Gyr	1720	+20
Nestle	10400	+350
Oer-Buhrle	1415	+15
Pargesa Hldg	2375	+15
Pirelli	428	+1
Sandoz (Br)	14800	+400
Sandoz (PtCts)	2470	+125
Schindler (PtCts)	790	......
Sika	1600	......
Surveillance	6500	+25
Swissair	1400	+30
Swiss Bank	491	+4
Swiss Reinsce	18000	......
Swiss Volksbk	2320	+30
Union Bank	4950	+90
Winterthur	6800	+25
Zurich Ins	7175	+250

AUSTRALIA

July 28	Price Aust$	+ or −
ACI Int.	4.20	−0.1
A.F.P.	3.25	−0.35
Adelaide Steams	8.80	−0.1
Amcor	4.80	+0.05
ANZ Group	4.30	−0.02
Ampol Pet	3.30	......
Ariadne Aust	2.78	−0.1
Ashton	3.45	−0.05
Aust Guarant	2.80	......
Aust Nat Inds	2.14	−0.01
Bell Group	8.70	−0.2
Bell Resources	5.28	+0.08
Bond Corp Hldgs	2.58	......
Boral	5.60	+0.04
B'ville Copper	4.80	−0.05
Brambles Inds	10.20	−0.3
Bridge Oil	1.70	−0.02
BHP	10.45	......
BHP Gold	1.50	−0.02
Burns Philp	5.09	+0.05
CRA	9.90	−0.35
CSR	3.84	−0.01
Chase Corp	3.40	−0.1
Claremont Petro	1.15	......
Coles Myer	7.40	......
Comalco "A"	4.25	+0.05
Consolidated Pet	0.22	......
Costain Aust	2.75	......
Elders IXL	5.12	−0.12
Energy Res	2.80	......
Gen Prop Trust	3.28	......
Goodman Fielder	4.65	−0.05
Hardie (J.)	4.00	+0.05
Hartogen Energy	3.50	......
ICI Aust	4.80	−0.05
Industrial Equity	5.30	−0.1
Jimberlana (50cFP)	0.60	−0.03
Jones (David)	10.60	−0.6
Kia Ora Gold	1.15	......
Kidston Gold	8.30	+0.2
Lend Lease	16.05	+0.05
MIM	2.88	−0.02
Mayne Nickless	5.50	+0.1
Nat. Aust. Bank	5.00	−0.04

AUSTRALIA (Continued)

July 28	Price Aust$	+ or −
News	20.50	......
Noranda Pacific	4.25	−0.15
North Bkn Hill	3.95	+0.05
Oakbridge	0.60	......
Pacific Dunlop	5.38	−0.02
Pancont'l	3.85	−0.05
Pioneer Conc	3.98	......
Placer Pacific	4.30	+0.05
Poseidon	5.80	−0.06
Queensland Coal	1.60	......
Santos	7.20	−0.2
Smith (H.)	5.30	......
Thos Natwide	5.50	−0.1
Tooth	7.92	......
Vamgas	3.80	......
Western Mining	8.24	−0.26
Westpac	5.40	......
Woodside Petrol	2.05	......
Woolworths	3.30	+0.05
Wormald Intl	3.45	−0.05

HONG KONG

July 28	Price H.K.$	+ or −
Bank East Asia	32.50	......
Cathy Pacific	6.85	−0.1
Cheung Kong	12.40	+0.1
China Light	25.30	......
Evergo	0.71	−0.01
Hang Lung	15.70	......
Hang Seng Bank	47.00	−0.25
Henderson Land	7.25	+0.05
Hong Kong China	19.30	−0.3
HK Electric	9.20	−0.15
HK Land	7.70	......
HK Shanghai Bank	9.75	......
HK Telephone	12.40	−0.2
Hutchison Wpa	13.20	......
Indust Equity P	24.70	−0.4
Jardine Math	19.00	−0.1
New World Dev	13.60	−0.1
SHK Props	17.90	+0.2
Shell Elec. Mfg	1.40	−0.02
Swire Pac A	24.00	−0.7
TV-B	15.50	+0.2
Wharf Hldgs	8.90	−0.1
Windsor Ind	14.60	+0.1
World Int Hldgs	4.17	......

JAPAN

July 28	Price Yen	+ or −
Ajinomoto	3300	+40
All Nippon Air	1860	+20
Alps Electric	2700	+120
Asahi Chemicals	1150	......
Asahi Glass	1880	+30
Bank Tokyo	1700	+20
Bridgestone	1030	+90
Brother Inds.	630	−10
Canon	930	+30
Casio Computers	1240	+10
Chugai Pharm	1990	+60
Daiei	1950	+70
Dai Ichi Kan Bank	3250	+50
Dai Nippon Ink	753	+18
Dai Nippon Ptg	1960	+50
Daiwa House	2360	+10
Daiwa Sec	2820	−60
Eisai	2250	+20
Fanuc	5960	+200
Fuji Bank	3200	+70
Fuji Film	3780	+60
Fujisawa	2200	+10
Fujitsu	1140	+60
Furukawa Elect	715	+46
Green Cross	2990	−20
Heiwa Real Est	2040	−10
Hitachi	1110	+50
Hitachi Credit	1630	+10
Honda	1540	+50
Indl Bank Japan	4220	+20
Ishikawajima Ha	619	+4
Isuzu Motors	374	−4
Itoh (C)	730	+11
Ito Yokado	4140	+80
JAL	13500	......
Jusco	1660	......
Kajima	1700	−40
Kao Soap	2020	+50
Kawasaki Steel	260	+7
Kirin	2530	+10
Kobe Steel	251	−2
Komatsu	626	+16
Konishiroku	800	−10
Kubota	581	+11
Kumagai	1040	−20
Kyoto Ceramic	6300	+180
Marubeni	500	......
Marui	3550	+50
Mazda Motors	410	......
Meiji Seika	1110	+30
MEI	2400	+90
M'bishi Bank	3140	+40
M'bishi Chem	1090	+10
M'bishi Corp	1240	+20
M'bishi Elec	599	+6
M'bishi Estate	2600	−70
MHI	567	−8
Mitsui Bank	2400	−30
Mitsui Co.	732	−2
Mitsui Estate	2310	−70
Mitsui Toatsu	665	−5
Mitsukoshi	1650	+50
NGK Insulators	894	−1
Nikko Sec	2290	+10
Nippon Denso	1520	+20
Nippon Elect	1920	+80
Nippon Express	1140	−20
Nippon Gakki	1510	......
Nippon Kogaku	872	+22
Nippon Kokan	272	......
Nippon Oil	1370	−20

JAPAN (Continued)

July 27	Price Yen	+ or −
Nippon Seiko	568	−5
Nippon Shimpan	1420	+20
Nippon Steel	330	+1
Nippon Suisan	617	+2
Nippon Yusen	548	+4
Nissan Motor	655	−14
Nisshin Flour	1290	+40
Nomura	4570	+20
Olympus	1140	−10
Onada Cement	737	+34
Orient Finance	1540	+40
Orient Leasing	3620	−180
Pioneer	3180	+50
Ricoh	1100	+60
Sankyo	1820	−20
Sanwa Bank	2800	+80
Sanyo Elect	520	+10
Sapporo	1970	−20
Sekisui House	2390	−10
Seven-Eleven	7650	−20
Sharp	1230	+40
Shimizu Const.	935	......
Shionogi	1740	−10
Shiseido	2140	+40
Showa Denko	629	+9
Sony	4570	+100
S'tomo Bank	3730	+40
Sumitomo Chem	835	+8
Sumitomo Corp	1010	+30
S'tomo Elect	1630	+60
S'tomo Metal	221	+1
Taisei Corp	1030	−20
Taisho Marine	1170	−10
Taiyo Kobe Bank	1570	+20
Takeda	3120	......
TDK	5070	+70
Teijin	822	+7
Toa Nenryo Kyo	2120	−30
Tokai Bank	2220	+60
Tokyo Marine	2190	+10
Tokyo Elect Pwr	6250	−40
Tokyo Gas	1060	......
Tokyu Corp	1550	+10
Toppan Print	1540	+30
Toray	706	+40
Toshiba Elect	598	−2
Toyo Seikan	2960	+170
Toyota Motor	1830	+60
UBE Inds	505	+23
Victor	3300	+70
Yamaha	860	−5
Yamaichi Sec	2960	+10
Yamanouchi	4810	+60
Yamazaki	1650	+20
Yasuda Fire	1120	−20

SINGAPORE

July 28	Price $	+ or −
Boustead Hldgs	2.36	+0.14
Cerebos Pacific	6.35	+0.15
Cold Storage	4.84	......
DBS	15.20	+0.2
Genting	7.10	+0.3
Haw Par Bros	5.70	+0.1
Hong Leong Fin.	4.64	+0.04
Inchcape Bhd	6.50	+0.3
Keppel Shipyard	4.06	+0.14
Malay Banking	8.15	+0.15
Malayan Utd. Ind.	2.75	+0.11
Multi Purpose	0.84	......
OCBC	10.70	+0.3
OUB	5.50	+0.15
Public Bank	2.88	+0.14
Sime Darby	3.78	+0.2
Singapore Air	14.00	+0.3
Singapore Press	9.50	......
Straits Trading	5.00	+0.06
Tat Lee Bank	4.10	+0.1
UOB	6.75	+0.15

SOUTH AFRICA

July 27	Price Rand	+ or −
Abercom	2.90	......
AE & CI	16.50	......
Allied Tech.	160.00	......
Anglo Am Coal	37.25	......
Anglo Am Corp	85.25	......
Anglo Am Gold	385	......
Barclays Bank	21.50	......
Barlow Rand	25.50	......
Buffels	71.00	......
CNA Gallo	5.10	......
Currie Finance	5.40	......
De Beers	47.75	......
Driefontein	89.50	......
Freegold	58.25	......
Gold Fields SA	82.50	......
Highveld Steel	7.00	......
Malcor Hldgs	20.50	......
Nedbank	8.00	......
OK Bazaars	20.00	......
Rembrandt	13.80	......
Rust Plat	56.63	......
Safren	29.00	......
Sage Holdings	17.25	......
SA Brewers	22.50	......
Smith (C.G.)	45.00	......
Tongaat Hulett	13.75	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ø Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

WE REGRET that Canadian prices were not available for this edition due to computer problems.

Indices

NEW YORK-DOW JONES

	July 28	July 27	July 24	July 23	July 22	July 21	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,583.03*	2,493.94	2,485.33	2,471.84	2,478.18	2,487.95	2510.04 (17/7/87)	1927.31 (2/1)	2510.04 (17/7/87)	41.22 (2/7/32)
Transport	1,057.88*	1,056.38	1,058.38	1,047.55	1,040.31	1,032.93	1056.38 (23/7/87)	816.38 (2/1)	1052.42 (24/7/87)	12.32 (8/7/32)
Utilities	198.86*	201.84	198.81	200.48	201.12	200.71	227.83 (22/1/87)	191.38 (20/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	−	152.082m	158.38m	63.925	175.085m	186.484m	−	−	−	−

	July 17	July 10	June 26	Year Ago (Approx)
Ind Div Yield %	2.74	2.80	2.82	3.81

STANDARD AND POORS

	July 28	July 27	July 24	July 23	July 22	July 21	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	358.28*	363.35	361.92	360.82	360.54	361.33	368.33 (17/7/87)	274.58 (2/1/87)	368.33 (17/7/87)	3.62 (21/6/32)
Composite	318.56*	318.65	308.27	307.81	308.47	308.55	314.59 (17/7/87)	246.45 (2/1/87)	314.59 (17/7/87)	4.40 (1/6/32)

	July 23	July 16	July 9	Year Ago (Approx)
Ind div yield %	2.37	2.37	2.84	3.13
Ind. P/E Ratio	23.82	23.75	20.40	17.12
Long Gov Bond Yield	7.79	8.86	8.45	8.78

N.Y.S.E. ALL COMMON

July 28	July 27	July 24	July 23	1987 High	1987 Low
174.38*	174.47	173.78	173.83	178.77 (22/6)	141.81 (21/1)

RISES AND FALLS

	July 27	July 24	July 23
Issues traded	1,978	1,996	1,960
Rises	877	837	616
Falls	676	708	922
Unchanged	425	451	422

TORONTO

	July 28	July 27	July 24	July 23	1987 High	1987 Low
Metals & Minls	3,272.9*	3,256.09	3,263.29	3,233.98	3,264.40 (16/7/87)	1,988.2 (2/1/86)
Composite	3,841.8*	3,846.33	3,856.31	3,848.88	3,998.10 (16/7/87)	3,067.8 (2/1/86)
MONTREAL Portfolio	1,881.81*	1,883.74	1,885.56	1,874.62	2,224.77 (16/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	July 28	July 27	July 24	July 23	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	1981.1	1998.1	1998.0	1985.3	1998.1 (27/7)	1486.7 (2/2)
Metals & Min'ls (1/1/80)	1260.5	1277.3	1280.5	1283.6	1287.5 (18/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	221.30	218.11	213.42	215.42	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5346.30	5247.61	5156.12	5114.38	5346.30 (28/7)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(—)	204.41	203.88	203.18	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	616.6	616.0	613.6	610.5	616.6 (28/7)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	413.80	415.30	414.00	408.60	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	106.70	106.40	107.00	105.20	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	642.61	636.89	639.28	636.00	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1946.4	1931.00	1935.00	1927.60	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
HangSeng Bank (31/7/64)	3337.46	3346.87	3343.60	3366.821	3386.09 (20/7)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	683.71	684.41	679.92	687.54	767.34 (30/4)	668.45 (14/7)
JAPAN**						
Nikkei (16/5/49)	24385.82	24104.98	23842.94	23036.524	25929.42 (17/6)	18544.0 (13.1)
Tokyo SE New (4/1/68)	2028.28	2007.33	1999.35	1918.19	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	315.80	314.90	316.90	316.10	320.60 (20/7)	257.7 (28/1)
ANP CBS Indust. (1970)	269.30	268.60	270.00	268.40	274.9 (5/1)	243.60 (13/6)
NORWAY						
Oslo SE (4/1/83)	456.54	455.77	460.90	460.57	460.57 (23/7)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1377.29	1338.37	1361.75	1373.567	1398.04 (20/7)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(—)	2296.0	2334.0	2369.0	2369.0 (23/7)	1786.0 (19/3)
JSE Indust (28/9/78)	(—)	2110.0	2116.0	2125.0	2124.0 (23/7)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	276.61	270.87	264.16	262.70	276.61 (28/7)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	2883.30	(u)	2852.00	2840.90	2885.50 (17/7)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	658.0	648.4	651.7	655.3	658.0 (28/7)	559.7 (25/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(—)	460.50	459.1	450.50	480.30 (12/6)	361.3 (2/1)

**Saturday July 25: Nikkei Index: 23,964.91.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Southern	1,391,400	24	−¼
Pinnacle	4,868,200	31⅞	(—)
ATT	1,860,100	31⅛	+½
Amer. Expr.	1,350,200	35¼	+1½
Coca Cola	1,336,900	47¼	+¾
Pacific Tel.	1,263,900	25¼	(—)
Har Bra Jo.	1,141,100	63¾	+1¼
Harcourt Wi.	1,098,700	12¾	+⅝
Union Carb.	1,015,400	28¾	+1½
Warner Com.	993,100	37	+⅞

LONDON — Most Active Stocks
Tuesday, July 28, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	10.0m	181	+ ½
Rls Royce	10.0m	119	+ 5
Storehouse	9.4m	332	− 3
Britoil	8.1m	317	−11
Plessey	7.2m	287	+ 1
Cble & Wire	7.8m	429	+17
BP	6.3m	378½	+ 8½
NatWest Bank	4.8m	762	+11
Hillsdown Hldgs	4.9m	320	+ 8
Sears	4.7m	182½	+ 4

TOKYO — Most Active Stocks
Tuesday, July 28, 1987

	Stocks Traded	Closing Prices	Change on Day
Nisshin Steel	69.78m	480	+ 9
Nippon Steel	45.81m	330	+ 1
Kawasaki Steel	38.01m	260	+ 7
Sumi Light Metal Ind.	29.04m	529	+48
Matsushita Elec Ind.	16.39m	2,480	+80
Tokuyama Soda	12.72m	848	+ 8
Tokyo Steel	12.65m	1,880	+40
Yamato Kogyo	12.34m	1,270	+80
Nippon Light Metal	11.23m	487	+37
Nichiro Gyogyo	8.79m	450	+14

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Tr. 10pc cnv 1991	£103½	+²⁵⁄₃₂
Tr. 12¾pc 1995	£116²⁵⁄₃₂	+²³⁄₃₂
Bentalls	178	+13
Blck. Arrow	375	+20
Britoil	317	+11
Cble & Wrless	429	+17
Downibrae	248	+33
Ealing Elec.-Optics	291	+82
Glaxo	£17⅞	+⅜
Hillsdown	320	+ 9
ICI	£15⁵⁄₁₆	+⁷⁄₁₆
Lnd Secs	571	+ 8
Natwest Bnk	762	+11
Norfolk Cap.	55½	+ 8
Reuters	886	+ 9
Smiths Inds.	344	+14
Sumrie Clths	296	+38
Thorn EMI	756	+ 9

FALLS:

Harr. Qunswy	218	−13

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 43

Stock		Sales (Hnds)	High	Low	Last	Chng
OldKnts	.80	8 1633	21⅞	21½	21⅝	
OldRep	.80	12 823	30½	30¼	30⅜	− ⅛
RgcyEl	.20	330	5¾	5⅝	5⅝	− ⅛
Regina		31 382	43	41¾	41¾	− ½
RntCtrs		34 697	23¼	23	23¼	+ ¼
Repign		98	18¾	17¾	17¾	− ¾
Sounet		675 305	20¼	19½	20¼	+ ½
StndFn		385	6¾	6⅛	6⅜	− ¼
Soutrst	.80	10 1733	22⅝	22⅜	22⅝	+ ⅛
Sovran	1.44	9 3770	34⅝	33⅝	34½	+ ¾
UtdSvrs	.72	6 289	21¾	d21¼	21½	− ¼
US Bcs	.88	10 804	28	27½	28	+ ⅝
US HHC	.16	18 2530	13¼	13	13	+ ⅛
US Sur	.40	27 718	34¾	33⅞	34¾	+ ¾

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20⅛	AAR s	.50	1.6	21	335	32½	31⅝	31¾	−½
37	22	ADT	.92	2.9	18	335	32½	31¾	31¾	−½
30	16¾	AFG s	.16	.6	10	648	29⅝	28¼	28½	−1
22⅜	8⅝	AGS s			17	834	18⅞	18⅛	18⅝	+⅜
11⅜	6¾	AMCA				20	9⅝	9⅝	9⅝	
9⅝	4⅞	AM Intl				1512	7¼	7	7¼	+¼
62⅞	49¼	AMR			13	3195	61⅜	60¼	60⅝	−⅜
11¾	8	ARX s			12	68	10⅝	10⅜	10½	
73½	30½	ASA	2a	3.0		1089	67	65¾	66⅞	+1¼
20	9¾	AVX		2.0	33	83	16⅞	16¼	16¼	−⅛
67	41	AbtLab	1	1.6	25	1871	62⅝	62	62⅛	−⅛
28	24½	Abitibi g				140	24½	d24¼	24⅜	−⅛
28¾	16⅝	AccoWs .44		1.5	25	2745	28¾	28⅝	28⅝	
15⅛	9	AcmeC .40		2.7	15	460	u15⅜	14¾	14⅞	+⅛
8⅝	6⅛	AcmeE .32b		4.1	30	93	7⅞	7¾	7¾	−¼
23⅞	19	AdaEx 3.42e		15.		38	22¼	22	22¼	+¼
19½	11⅜	AdmM s .24		1.7	11	4	14½	14½	14½	
25⅛	12⅛	AdvSys .62t		2.7	17	12	23⅜	23	23⅜	+⅛
24½	12⅞	AMD				2267	17⅞	17¾	17⅞	+⅛
54¾	47	AMD pf	3	6.2		133	48½	48	48⅜	+½
10¾	5¼	Adobe				1319	u11	10¾	11	+½
20½	13¾	Adob pf 1.84		9.3		8	19¾	19⅝	19¾	+¼
21⅞	16⅜	Adob pf 2.40		12.		15	21	20¾	20¾	−⅛
15	10⅜	Advest .12a		.9	10	371	13	12	12⅞	+⅞
68¼	53	AetnLf 2.76		4.7	9	4131	59¼	58⅝	59	+⅜
68¾	26½	AflPb s .32		.5	22	828	u70½	66¾	70½	+4¼
27⅞	18⅝	Ahmans .88		4.4	7	6847	20¼	19⅝	20⅛	+⅜
5⅜	2⅞	Aileen				91	3¾	3¾	3¾	
50¼	29⅛	AirPrd	1	2.1	21	908	48½	47¾	48	−½
36	17⅛	AirbFrt .60		2.2	11	499	27½	25¾	27½	+⅞
15	7⅝	Airgas n			22	5	13½	13⅜	13⅜	+⅛
20⅜	16¼	AirIse n1.57e		8.8		24	18	17¾	17¾	
15-32	¼	AlMoan				31	⅜	⅜	⅜	−1-32
28	25⅜	AlaP pf1.61e		6.7		8	27¼	26⅞	26⅞	+¼
10¾	9	AlaP dpf.87		8.9		5	9¾	9⅝	9¾	+⅛
106½	93¼	AlaP pf	9	9.4		z2800	97⅜	96⅛	96⅛	+⅛
108	98	AlaP pf 9.44		9.4		z50	100⅛	100⅛	100⅛	+1⅞
27⅞	14½	AlskAir .16		.7	16	932	23⅜	22¾	23	−¼
28	13½	Alberto .24		.9	22	x63	26½	25¾	26⅜	+⅛
23⅜	13½	AlbCul .24		1.1	18	x474	22½	21⅞	22	−¼
58½	40¼	Albtsns .96		1.7	18	134	56¼	55⅜	55⅞	−¼
36	18⅜	Alcan s .60		1.8	20	2554	34⅛	33⅝	34	−⅛
30	18½	AlcoS s			19	343	28⅛	26½	27¾	+1¼
42⅜	22⅜	AlexAlx	1	4.2	28	3750	23⅞	23¼	23¾	+⅜
50½	35¾	Alexdr			73	1	47¼	47¼	47¼	+⅛
79⅞	48½	AllegCp				1	78½	78½	78½	
24¾	11⅜	AlgInt				12814	18½	16¾	18	+1
20⅛	9½	Algin pr				86	18¾	17¼	18⅜	+1⅛
88½	39	Algl pfC				77	78½	76¾	78	+1¾
32¼	26	AlgLudn				484	31⅞	31⅝	31⅝	
53⅞	36⅝	AllgPw 2.92		7.7	10	773	38	37¾	38	
96¼	48½	Allegis	1	1.1	31	6351	93⅞	93	93⅞	+1
21	14½	AllenG .56		3.5		54	15⅞	15⅝	15⅞	+⅛
25½	19¾	Allen pf1.75		8.8		75	20	19¾	20	+¼
45½	25½	AlldPd			8	119	28¼	27⅞	28¼	+½
49¼	37⅝	AldSgnl .80		4.0	14	4312	45¼	44⅝	44¾	−⅛
3¾	2	vjAllisC				162	2⅜	2¼	2⅜	+⅛
37½	16½	AllisC pf				364	18⅛	18	18⅛	−⅛
31½	23⅞	ALLTL s1.36		5.2	14	180	26⅜	26	26⅛	
60	32⅜	Alcoa	1.20	2.0		3171	59⅞	58¾	59	−⅜
26⅝	10½	Amax			24	5281	26½	26	26⅜	
[illegible]										

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
19⅞	8½	SciAtl	.12	.7		913	17¼	16⅞	17	−⅛
82½	54¾	ScottP	1.36	1.8	15	1399	77⅞	76¼	76¾	+⅞
15⅞	12	Scotys	.52	3.6	19	720	14¼	14	14¼	+⅛
13	10½	ScdNA n				1850	12¾	12⅝	12½	+⅛
26⅛	12¾	SeaCnt	.05e	.2		329	25¼	23⅝	23⅝	−1⅞
14¼	7¾	SeaCt	pf1.46	11.		4	13¾	13⅝	13⅝	
17½	10½	SeaC	pfB2.10	13.		83	17	16¾	16¾	
17½	9¾	SeaC	pfC2.10	13.		159	17	16⅞	16¾	−¼
52¼	24½	SeaC	pfD4.12	8.1		136	51½	51	51	−½
80	37⅞	Seagrm	1	1.3	17	1208	77⅝	76½	77¼	+¾
52¾	33⅛	SealAir	.52	1.0	21	626	50¼	49⅝	49⅝	−½
39¼	23⅛	SealPwt	.10	3.1	14	83	36⅝	35⅞	36	−¼

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
24	16⅛	Tultex	s .36	1.7	18	372	21⅛	20¾	20¾	+¼
22½	14¼	TwinDs	.70	3.4		3	20⅞	20⅞	20⅞	−⅛
52⅝	30⅜	TycoLb	.40	.8	32	245	50	49½	49⅝	−¼
16⅞	11¼	Tyler	.40	2.7	26	176	14⅞	14½	14⅞	+¼
		U U U								
41½	19⅝	UCCEL			36	278	40½	40	40	−⅛
27⅛	17¼	UDC	2.20	12.	7	126	19	18⅝	19	
32	24	UGI	2.04	7.4	13	91	28⅛	27⅝	27¾	−⅜
11¼	8⅛	UNCInc			16	204	10⅛	10	10⅛	+⅛
31⅞	20⅝	UNUM n	.36e	1.5		629	23¼	23	23	−⅛
21⅞	14⅝	URS			19	331	18⅝	18¼	18⅜	−⅜
48¾	36¼	USFG	2.48	6.4	9	1975	39⅝	38⅞	39	−¼

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
31½	21⅛	WisPS	s1.54	6.6	12	62	23¾	23½	23½	−¼
47⅞	31⅛	Witco	1.12	2.8	14	114	39⅞	39¼	39½	−¼
14	8⅞	WolvrW			48	64	12¾	12⅝	12¾	
57¾	37	Wiwth	s1.32	2.3	18	x3138	58⅝	56	58⅝	+⅞
161	108	Wolw	pf2.20	1.4		x4	160	159⅛	160	+2½
7¼	2	WrldCp				7	7⅛	7	7	
19¾	14⅜	WrldVl n				63	19	18⅝	18¾	−⅛
54⅜	41¼	Wrigly	s1.04	2.0	18	253	52⅝	51¾	52⅝	+⅞
3⅞	1⅜	Wurltzr				33	2¾	2⅝	2⅝	−⅛
18⅞	11⅛	WyleLb	.32	2.0	32	246	15⅞	15⅜	15⅞	+⅜
24¾	16	Wynns	.60	3.2	15	19	19¼	19	19	
		X Y Z								
81¼	51	Xerox	3	4.0	17	5383	75¼	74½	74⅝	−⅛
58¼	54¼	Xerox	pf5.45	9.8		13	55⅝	55⅜	55⅜	
28⅞	21½	XTRA	.64	2.3	20	40	27⅞	27½	27⅞	−¼
25⅞	25⅝	XTRA	pf1.94	7.5		88	25⅞	25¾	25¾	+⅛
27⅞	15	Yorkin			13	285	27½	26¾	27	−½
7¼	2¼	Zapata				727	6⅝	6¼	6⅝	+⅜
36¼	20¾	Zayre	.40	1.3	18	2457	30	29	29⅞	+⅞
14⅝	9¾	Zemex	.40	3.0	8	6	13⅛	13⅛	13⅛	
29¾	16⅞	ZenithE			114	461	28⅞	28½	28½	−¼
13½	6	ZenLab				595	10⅛	9⅞	10⅛	+⅛
19½	12⅝	Zero	.36	2.1	17	558	17⅜	16⅞	17⅜	+¼
29⅝	16⅝	Zurnin	s		19	100	28⅝	28¼	28¼	−⅛
10⅝	8¾	Zweig	n.65e	6.5		577	10⅛	9⅞	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 41

FINANCIAL TIMES

WORLD STOCK MARKETS

Brisk trading in blue chips leads to record

WALL STREET

SPURRED by special interest in a few stocks, Wall Street share prices rose strongly yesterday to record levels on brisk volume, *writes Roderick Oram in New York.*

Some help came initially from firmer credit markets but bond prices eased during the morning as the dollar weakened.

The Dow Jones industrial average closed up 25.83 points at 2,519.77, breaking the previous record of 2,510.04 set on July 17, despite losing some of the gains temporarily in the middle of the day.

The best of the gains came in the blue chips leaving the broader market indices lagging, particularly after the mid-session weakness. The Standard & Poor's 500 index closed up 1.68 at 312.33 and the New York Stock Exchange composite index added 0.77 to 175.24.

NYSE volume was 172.6m shares with the number of shares advancing outpacing those declining by a ratio of two-to-one. Market watchers are somewhat surprised stocks have not experienced more of a correction since the previous record but pointed out yesterday's performance was underpinned by a few big gains.

The Dow Industrial index was buoyed by three special situations – Boeing, Merck and American Express – out of its 30 component stocks. Boeing leapt $6¼ to $53½ on news that Mr T. Boone Pickens planned to acquire shares in the company. It was widely doubted, however, that he would launch a bid but would more likely buy the shares as an investment. It was the most active New York Stock Exchange issue with more than 5.8m shares traded.

Merck added $3½ to $188 after rising $4½ on Monday. It raised its quarterly dividend to 80 cents a share from 55 cents, announced a $1bn share buy back and said it was studying a two-for-one stock split.

American Express added $⅝ to $36⅛ on nearly 2.8m shares making it the third most active NYSE issue. The travel and financial services group said late Monday it planned to buy back up to 40m of its shares, some 9.3 per cent of the total, in the next two or three years.

The Boeing news helped raise other aerospace stocks. United Technologies gained $⅝ to $55⅝, Litton added $⅝ to $101⅜, General Dynamics rose $½ to $67⅞, Lockheed was up $¾ to $56 and McDonnell Douglas added $½ to $73½.

Elsewhere in the takeover arena, Jim Walter gained $3 to $61¼. The board of the Florida building products group said it would explore alternatives to the $50 a share buyout proposed by Kohlberg Kravis Roberts.

The withdrawal of Mr Robert Maxwell, the British media magnate, from his attempt to takeover Harcourt Brace Jovanovich, down $⅛ to $12¾, and his determination to try another target spurred interest in other publishing companies. McGraw-Hill added $4⅛ to $74½, Macmillan added $⅝ to $68½ and Time rose $3⅞ to $109¼.

Goodyear Tire and Rubber rose $2⅛ to $71⅜. It reported on Monday a 31 per cent rise in second quarter profits

Among companies reporting higher earnings yesterday, USX added $½ to $37½, USLIFE was unchanged at $38½, Home Group added $¼ to $19⅝, Borden gained $2⅛ to $59⅝ and Kerr McGee was up $⅝ to $39⅝.

Digital Equipment dropped $2⅞ to $160⅝ after a brokerage house lowered its earnings forecast. Cray Research fell $1⅛ to $100⅞. It unveiled yesterday a new line of supercomputers with performances substantially higher than existing models.

Three oil companies reported lower profits from continuing operations. Texaco was off $⅛ to $46⅞, Mobil added $1½ to $52⅞ and Chevron gained $1 to $60¾.

Credit markets failed to sustain the small increase in bond prices of nearly half a point at the opening which had been prompted by short-covering. By late afternoon, the benchmark 8.75 per cent Treasury long bond was off ⅜ of a point from the previous close at 98¹⁷⁄₃₂ yielding 8.86 per cent.

The markets remain preoccupied by the upcoming heavy schedule of Treasury auctions. Expectations are growing that Congress will pass soon a temporary increase to the federal Government's debt ceiling until about August 6. This would allow the Treasury to fit in as many as four auctions tomorrow, Friday, Tuesday and Wednesday in addition to the regular weekly bill auction on Monday.

But the timing of the three-day August quarterly refunding remains in doubt. It might have to be postponed a week or so to August 11–13 once Congress has approved a longer term increase in the ceiling to allow sale of some $28bn of securities.

CANADA

WEAK base metal and mining shares dragged Toronto prices lower in spite of gains among precious metals.

Alcan slipped C$1 to C$44¾ and Inco C$¼ to C$26⅞ among lower miners. Falconbridge joined the trend with a C$⅛ dip to C$26⅞ along with Cominco, C$⅛ off at C$20.

Golds, though, pushed ahead as bullion prices stiffened. Echo Bay was C$1⅜ higher at C$30½, Placer C$⅝ up at C$22⅝ and Dome Mines C$¼ stronger at C$19¼.

Energy issues were mixed. Shell Canada rose C$⅛ to C$47⅛ and Dome was 1 cent stronger at C$1.12. Texaco Canada, however, fell C$⅝ to C$37½.

Montreal drifted lower. Vancouver moved ahead.

Gulf money spurs Spanish bull run

BY DAVID WHITE IN MADRID

SPANISH stock prices hit fresh highs for the year yesterday in a second day of enthusiastic buying prompted mainly by Kuwaiti-backed investments in Spanish industrial companies and banks.

The Madrid general index, based at 100 at the beginning of last year, moved up a further 5.75 points to 276.61 after a 6.71 point gain on Monday.

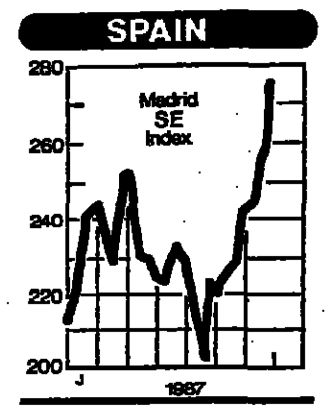
Recent speculative demand on the market has rapidly broadened to include the mainstream banking and electrical power sectors, and these were joined yesterday by construction stocks. Almost all sectors were affected by the buoyant trend, which was echoed to different extents in the regional exchanges of Barcelona, Bilbao and Valencia.

The latest surge followed the announcement of a series of equity purchases by Torras Hostench, the paper company which represents the Kuwait investment office's main interest in Spain, and it has been sustained by rumours of further block purchases in other companies.

Union Explosivos Rio Tinto (ERT), the chemical group now 15 per cent held by Torras, moved up to 910 per cent of par yesterday, showing a rise of 46 per cent over the last week.

The trend has been aided by strong bank results, including Vizcaya, which after Torras's purchase of a 4.6 per cent stake announced a plan to upgrade its nominal share value by 50 per cent.

It has also been underpinned by an improvement in the general economic outlook, with inflation currently on target to meet the Government's 5 per cent objective for the year and with indications of higher-than-expected growth.



LONDON

BAA hits premium in rising market

DEALING in the shares of BAA, formerly the British Airports Authority, got off to a satisfactory start yesterday in a thin but lively London equity market.

The 100p partly-paid shares opened at a mid-price of 142p and hovered between that level and 147p during the day to close at 146p. Some 67m shares changed hands, equivalent to 13 per cent of the whole 500m share issue.

However, only a handful of market makers traded the stock and brokers shied away from involvement in yet another rush of small bargains amid worries about overloading the settlement systems.

In the market as a whole, share prices were boosted by an encouraging survey of prospects at leading companies compiled by the Confederation of British Industry.

The FT-SE 100 index closed 26.0 higher at 2,359.9 while the FT Ordinary index was up 20.8 at 1,855.0. Turnover was very thin and there was little sign of foreign interest.

With domestic money market rates steadier, prices opened sharply higher in a partly technical correction. But the rebound also reflected gains in such industrial leaders as ICI, up ⁷⁄₁₆ at £15⁹⁄₁₆, and Glaxo, ⅜ higher at £17⅞.

In the financial sector, National Westminster Bank's half-year results were well received; the bank's shares rose 11p to 762p. A revival of confidence in the sector played a significant part in the market's upturn.

The government bond market made a fairly convincing recovery. The Treasury market followed Liffe futures closely, ending just off the top with net gains of ⅝ in longer-dated issues and a little less in mediums. Short-dated gilts made little response to the improved trend in the money market.

Details, Page 40; BAA first day, Page 26

EUROPE

Dollar lends buoyancy as Brussels stars again

BELGIAN, Spanish and Swedish share prices broke new high ground as overnight strength on Wall Street and the firmer dollar enlivened most European markets.

Brussels hit a seventh consecutive peak as overseas institutions continued to buy keenly in a market of few sellers. The stock exchange index surged 98.72 to 5,346.33 taking the gain so far this week to 190.21.

The market's broad, sharp gains were again led by chemicals, with Petrofina extending its 12-month high by a further BFr 600 to end at BFr 14,050. Solvay also chalked up a year's high, rising BFr 450 to BFr 15,100.

Holdings rose more steadily, with GBL up BFr 95 to BFr 4,225, Sidro BFr 120 ahead at BFr 2,510 and Cobepa BFr 110 higher at BFr 6,310. Reserve was unchanged at BFr 4,170.

Ebes and Electrafina spurred a further rise among utilities, adding BFr 120 and BFr 130 respectively to BFr 5,500 and BFr 8,400.

Other strong issues included steelmaker Arbed, up BFr 60 to BFr 1,755, supermarket chain GB Inno, BFr 54 higher at BFr 1,440, and Bekaert, which added BFr 500 to BFr 12,500.

Frankfurt perked up as the dollar's higher fix against the D-Mark attracted overseas investors. The FAZ index added 5.72 to 642.61, while the midsession Commerzbank index was 15.4 higher at 1,946.4.

The buoyed market was able to absorb news of a big fall in partial first half operating profits at Commerzbank. Its stock rose DM 12 to DM 647 and Dresdner DM 7.50 to DM 337.50, both in advance of half-year results due this week.

Cars accelerated on the firmer dollar, with Daimler rising DM 13.50 to DM 1,159, VW adding DM 10.50 to DM 402 and BMW adding DM 9.50 to DM 708.50.

BASF's DM 4.50 advance to DM 315.30 led a strong chemicals sector as Bayer climbed DM 2 to DM 345 and Hoechst DM 2.90 to DM 325.20.

Steelmaker Thyssen, however, tumbled DM 3.90 to DM 127.00 on news of undisclosed, but what it called "satisfactory", profits and a fall in sales between October and June.

Zurich brightened on the dollar's tonic following several easier sessions.

Nestlé bearers, recently a market depressant, recouped SFr 350 to SFr 10,400. Chemicals also advanced, with Sandoz bearers SFr 400 higher at SFr 14,800, a year's high.

In banks, Union Bank bearers picked up SFr 70 to SFr 4,950, Swiss Bank Corporation SFr 4 to SFr 491 and Crédit Suisse SFr 55 to SFr 3,345. Insurers were mixed to firmer.

Amsterdam finished mixed in dull and selective trade.

Trading resumed hectically, however, in shares of the three publishing belligerents. Takeover target Kluwer jumped Fl 28 to Fl 440 as Wolters Samsom said it would not raise its offer for the group. Samsom was Fl 3 higher at Fl 128, while rival suitor Elsevier eased 90 cents to Fl 52.90.

SONAE, Portugal's largest private holding company, will apply for a listing on the London Stock Exchange in the first quarter of 1988, Reuter reports from Lisbon.

Mr Belmiro Azevedo, director, said Sonae would be the first private Portuguese company to be quoted on a foreign stock exchange. As well as an international presence, the move would give it greater liquidity than it has on the small Lisbon and Oporto exchanges.

Paris firmed slightly as the market took cheer from Monday's unemployment figures and improved hopes of a cut in lending rates.

Banks, foods and constructions all advanced. Oils, however, were hurt by unconfirmed reports that the French Government may consider an embargo on Iranian crude imports.

Elf slumped FFr 44.50 to FFr 337, while Générale Occidentale lost FFr 53 to FFr 1,132 on news that CGE has become its biggest shareholder.

Stockholm edged to a record close in a wave of local and foreign buying. The Veckans Affarer all-share index closed up 1.1 at 1,066.5. Turnover was a heavy SKr 345m against Monday's SKr 104m.

Among leading gains, Volvo finished SKr 5 higher at a high for the year of SKr 367. Aga also found a 1987 peak, rising SKr 5 to SKr 221.

Losers, however, included Asea, SKr 7 off at SKr 391, and Electrolux, down SKr 2 at SKr 296.

Milan was mixed in thin trade as investors awaited the outcome of talks aimed at establishing a new ruling coalition.

Insurer Generali fell L300 to L132,500 in a broadly weaker financial sector. Among small gains, Fiat edged L39 higher to L12,185. Clothier Benetton recovered L700 of Monday's L800 fall to close at L19,200.

Oslo inched higher in thin trade as investors stayed shy of the market.

Oils, however, lawed back some of Monday's losses, with Saga Petroleum adding NKr 3 to NKr 119.50 and Norsk Hydro NKr 1.50 to NKr 237.5.

SOUTH AFRICA

RALLYING from an early slide, Johannesburg gold and platinum share prices ended slightly firmer on the back of stronger bullion and platinum prices.

Platinums featured most strongly. Rustenburg added R2.50 to R59 and Impala R1.25 to R54. Industrial holding group Messina gained R2.25 to R17. It said recently it planned to exploit its platinum interests.

Mining houses firmed generally, with Vaal Reefs R2 up among golds, to R472 and Freegold R1.50 higher at R59.75. Randfontein was one of few fallers in the sector, losing R8 to R442.

Anglo American edged 50 cents up to R85.75 and Gencor 25 cents to R60. Industrials were steady to mixed.

ASIA

Yen's decline underpins fifth successive rise

TOKYO

MOUNTING expectations of further gains in the days ahead spurred further buying interest in Tokyo yesterday, and equities ended higher for the fifth day in a row, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average climbed 280.84 to 24,385.82, recovering half the ground lost since June 19, when it peaked at 25,929. Volume swelled from 364m shares on Monday to 751m. Advances dwarfed declines by 627 to 265, with 114 issues unchanged.

The view that prices will go on rising was fed by the establishment of large funds by investment trusts this week and by the yen's slide against the US dollar, brokers said.

Buying focused on Sony and other high-technology stocks, chemicals, smaller-capital steels and biotechnology-related issues.

By the end of the week, investment trust management companies should have injected a total of Y1,100bn into investment trusts, of which Y430bn will go to the equity market.

With trading for August settlements starting today, institutional investors started buying in the morning, prompting purchases of a range of stocks in late trading. The weakening yen led investors to seek high-tech issues as it improves the export earnings of consumer electronics and other export-dependent firms.

Sony added Y100 to Y4,570, while Matsushita Electric Industrial rose Y90 to Y2,400, with turnover of 16.29m shares. Ricoh firmed Y60 to Y1,100, Hitachi Y50 to Y1,110 and TDK Y70 to Y5,070.

Chemicals and smaller-capital steels were favoured on prospects of brisk demand. Tokuyama Soda strengthened Y8 to Y848, Ube Industries Y23 to Y505 and Kureha Chemical Industry Y50 to Y1,500.

Nisshin Steel was the most active stock, with 69.78m shares changing hands, gaining Y9 to hit an all-time high of Y480. Other steels also climbed to uncharted territory, with Tokyo Steel Mfg advancing Y40 to Y1,890, Yamato Kogyo Y80 to Y1,270 and Nippon Metal Industry Y20 to Y470.

Sumitomo Light Metal Industries, with 29.04m shares, rose Y48 to Y529 and Nippon Light Metal Y37 to Y467.

Some biotechnology-related stocks were popular due to expected healthy gains in pre-tax profits for the year to March 1988, with Chugai Pharmaceutical sprinting ahead Y60 to Y1,990, Yamanouchi Pharmaceutical Y60 to Y4,810 and Snow Brand Milk Products Y40 to Y1,730.

Large-capitals closed mixed. Nippon Steel added Y1 to 330 on the second largest volume of 45.81m shares while Ishikawajima-Harima Heavy Industries shed Y8 to Y567.

Bonds continued to slide despite strong buying by one of the major securities companies. Institutions stayed out of the market, discouraged by the dollar's upturn above Y151. The fact that the Ministry of Finance remains reluctant to raise the coupon rate on 10-year government bonds for issue in August, despite rising rates on the secondary market, also contributed to institutions' lack of interest.

Thus the yield on the 5.1 per cent government bond due in June 1996 increased from Monday's 4.740 per cent finish to 4.860 per cent in block trading on the Tokyo Stock Exchange. It later surged to 4.890 per cent in inter-dealer trading.

SINGAPORE

NEWS of UIC's plan to make a full bid for First Capital helped to lift Singapore sharply higher across the board after a nervous week. The Straits Times industrial index climbed 38.92 to 1,377.29.

Share turnover was up by 7m at 48.5m although foreign institutions remained hesitant about the market's direction.

First Capital saw 3.4m shares traded and rose 20 cents to S$2.00, while UIC gained 17 cents to S$3.91 on 1.8m shares.

Strong blue chip advanced included Fraser and Neave, up 50 cents at S$12. Wattie Industries of New Zealand said it would form a joint venture company with Fraser and Neave to manage Cold Storage if its bid for the supermarket group is successful.

AUSTRALIA

LOWER commodity prices undermined Sydney share prices and the All Ordinaries index fell 17 to 1,981 under profit-taking pressure. The gold index shed 46.6 to 3,579.3.

Among the industrials, Elders IXL was off 12 cents at A$5.12 on some 5m shares traded in the wake of its restructuring plans. BHP was steady at A$10.45, while Bell Resources added 8 cents to A$5.28.

Miners were generally lower in an absence of foreign interest, while oil issue Santos dropped a further 20 cents to A$7.20

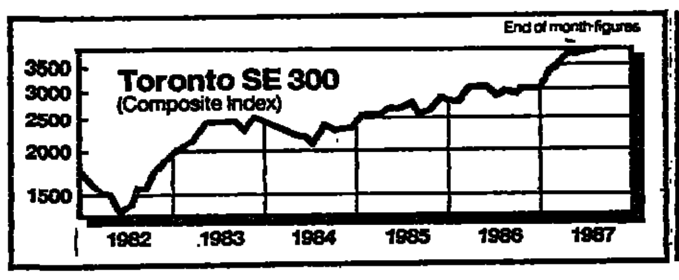
HONG KONG

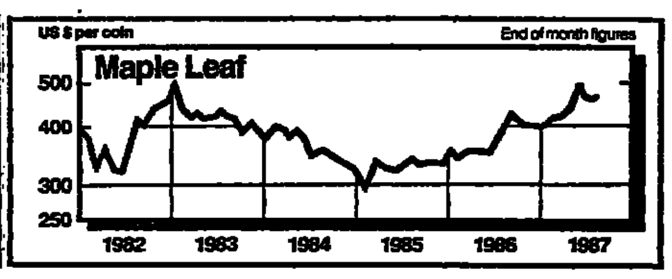
AFTER an early spurt, Hong Kong share prices fell back in lacklustre trading and the Hang Seng index closed 9.41 lower at 3,337.46.

Cheung Kong attracted demand during the initial buying spree, recovering the 10 cents it lost on Monday to end at HK$12.40 following its share placement. Affiliate Green Island Cement, which also placed shares, was steady at HK$16.10.

Cathay Pacific, which plans to obtain two Boeing aircraft through a leveraged leasing, eased 10 cents to HK$6.85.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	July 28	Prev	Year ago
DJ Industrials	2,503.03*	2,493.94	1,773.90
DJ Transport	1,057.69*	1,056.38	713.63
DJ Utilities	199.86*	201.04	203.01
S&P Comp	310.56*	310.65	236.01
LONDON FT			
Ord	1,855.0	1,834.20	1,271.6
SE 100	2,359.9	2,333.90	1,549.40
A All-share	1,198.96	1,186.50	769.09
A 500	1,321.41	1,307.45	842.13
Gold mines	440.0	438.80	205.0
A Long gilt	9.44	9.49	9.57
World Act. Ind (July 27)	129.50	129.26	93.45
TOKYO			
Nikkei	24,385.82	24,104.98	19,038
Tokyo SE	2,028.38	2,007.33	1,456.40
AUSTRALIA			
All Ord	1,981.1	1,998.1	1,094.7
Metals & Mins	1,260.5	1,277.3	492.1
AUSTRIA			
Credit Aktien	221.30	218.11	230.25
BELGIAN SE			
	5,346.30	5,247.60	3,651.46
CANADA			
Toronto			
Met & Mins.	3,222.0*	3,256.1	1,954.0
Composite	3,941.8*	3,946.4	2,940.9
Montreal			
Portfolio	1,981.61*	1,983.74	1,464.17
DENMARK SE			
SE	(–)	204.41	202.20
FRANCE			
CAC Gen	413.80	415.30	381.5
Ind Tendance	106.70	106.40	86.65
WEST GERMANY			
FAZ-Aktien	642.61	636.89	613.31
Commerzbank	(–)	1,931.00	1,843.3
HONG KONG Hang Seng	3,337.46	3,346.87	1,847.29
ITALY Banca Comm	683.71	684.41	731.63
NETHERLANDS ANP CBS			
Gen	315.80	314.90	284.3
Ind	269.30	268.60	285.6
NORWAY Oslo SE	455.54	455.77	337.83
SINGAPORE Straits Times	1,377.20	1,338.30	732.91
SOUTH AFRICA JSE			
Golds	–	2,296.0	1,331.0
Industrials	–	2,110.0	1,210.8
SPAIN Madrid SE	276.61	270.87	171.83
SWEDEN J & P	2,883.30	n/a	2,462.77
SWITZERLAND Swiss Bank Ind	658.0	648.4	518.9

COMMODITIES (London)

	July 28	Prev
Silver (spot fixing)	483.75p	479.80p
Copper (cash)	£1,075.50	£1,063.00
Coffee (Sept)	£1,232.00	£1,235.00
Oil (Brent Blend)	$19.75	$19.325

GOLD ($/oz)

	July 28	Prev
London	$455.75	$452.25
Zurich	$456.50	$452.50
Paris (fixing)	$452.30	$451.39
Luxembourg	$453.85	$453.40
New York (August)	$457.00	$454.20

CURRENCIES (London)

	US DOLLAR July 28	US DOLLAR Previous	STERLING July 28	STERLING Previous
$	–	–	1.5990	1.5985
DM	1.8570	1.8550	2.97	2.9650
Yen	150.40	150.35	240.50	240.25
FFr	6.18	6.1725	9.8825	9.8675
SFr	1.5375	1.5385	2.4575	2.46
Fl	2.0925	2.0900	3.345	3.34
Lira	1,343	1,342	2,147.5	2,145
BFr	38.55	38.45	61.65	61.70
C$	1.3330	1.3345	2.1315	2.1332

INTEREST RATES

Euro-currencies (3-month offered rate)	July 28	Prev
£	9⅛	9⁷⁄₁₆
SFr	3¹³⁄₁₆	3¹³⁄₁₆
DM	4⅛	4³⁄₁₆
FFr	8³⁄₁₆	8
FT London Interbank fixing (offered rate)		
3-month US$	7⁵⁄₁₆	7⁵⁄₁₆
6-month US$	7¼	7¼
US Fed Funds	6⁹⁄₁₆*	6⅝
US 3-month CDs	6.60*	6.875
US 3-month T-bills	5.885*	5.95

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
July 28 (Sept)	89-10	90-10	89-10	89-22
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.83	93.96	93.83	93.92
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.69	92.73	92.69	92.68
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	120-00	120-11	119-23	119-13

US BONDS

Treasury

	July 28 Price	July 28 Yield	Prev Price	Prev Yield
7¼ 1988	99⁹⁄₃₂	7.566	99¹¹⁄₃₂	7.512
7 1994	97⁷⁄₃₂	8.424	97²⁄₃₂	8.394
8½ 1997	99¹⁵⁄₃₂	8.602	99¹⁵⁄₃₂	8.573
8¾ 2017	98⁷⁄₃₂	8.856	99⁴⁄₃₂	8.829

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	July 28 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	July 28 Price	July 28 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	92.97	6.50	93.12	9.50
SCBT South Central 10⅞ Jan 1993	102.0	10.40	102.125	10.36
Philbro Sal 8 April 1996	91.20	9.50	90.97	9.55
TRW 8⅞ March 1996	95.91	9.45	95.65	9.50
Arco 9⅞ March 2016	99.27	9.95	99.28	9.95
General Motors 8⅜ April 2016	82.76	9.95	82.77	9.95
Citicorp 9⅜ March 2016	90.24	10.45	90.25	10.45

Source: Salomon Brothers

* Latest available figures

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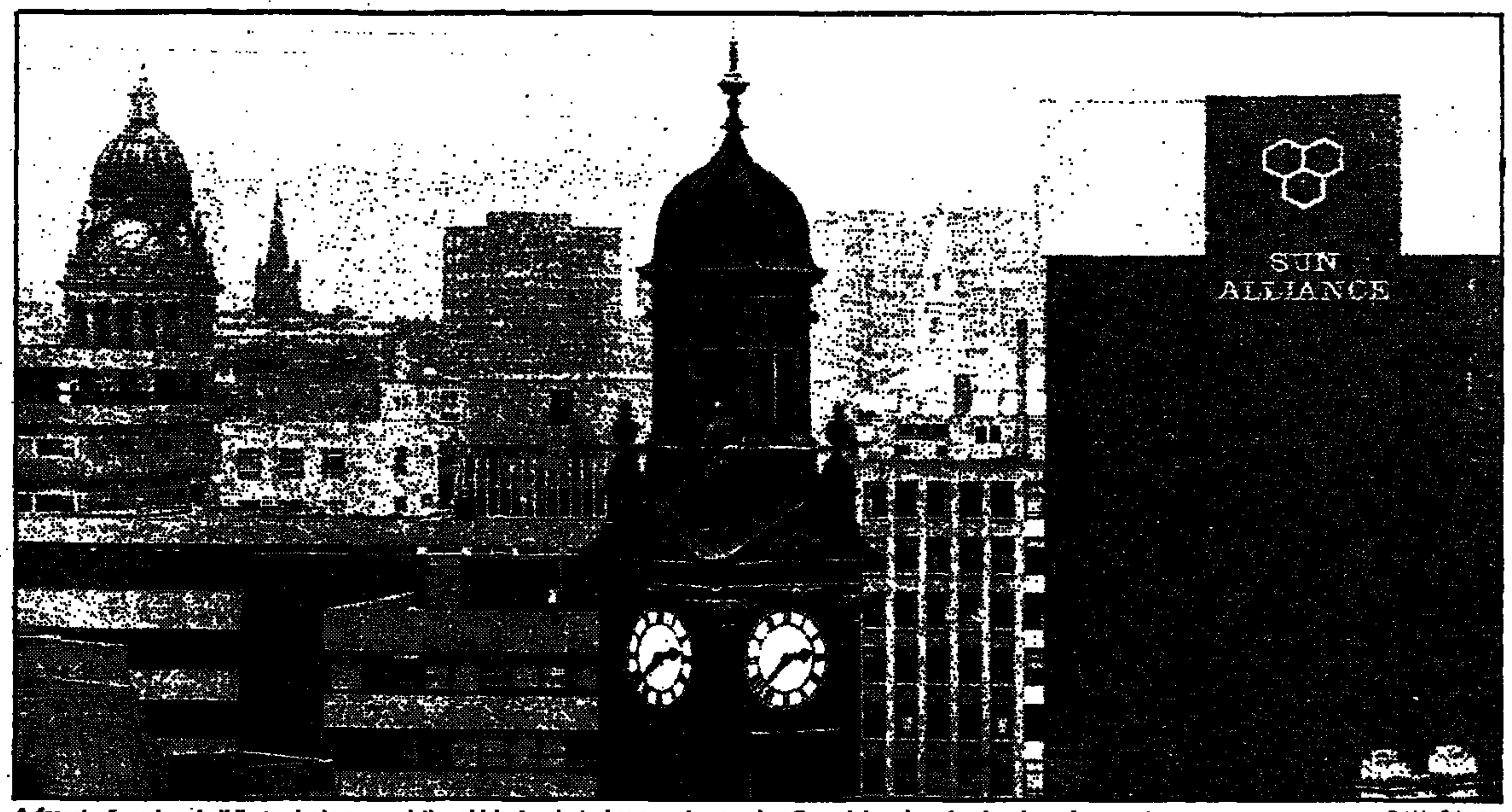
SECTION III

FINANCIAL TIMES SURVEY

The Yorkshire and Humberside economy is recovering as new technology and restructuring take effect. Financial and professional services are burgeoning. But reports **Ian Hamilton Fazey,** more regional clout may be needed to beat unemployment

Beginnings of real growth



A forest of modern buildings clusters round the old in Leeds to house a burgeoning financial and professional services sector — Debbie Osborne

Yorkshire and Humberside

THE STORY OF Yorkshire and *Humberside in the 1980s is* a microcosm of much of what has happened in the UK. It is summed up by Mr Christopher Barker of Broomheads, the largest firm of commercial solicitors in Sheffield.

He says: "Within the last two *or three years people have come* through. Everyone now is doing well. Companies are performing better. Instead of doing insolvencies we are doing flotations and deals. But my average client now has only half the workforce compared with seven or eight years ago."

The economic region that is Yorkshire and Humberside is a state within the State. Old Yorkshire was always England's largest county by area. It was a Viking kingdom in its own right and with nearly 5m people today it ranks with Scotland in terms of population.

The traumas of the first half of the 1980s have been intense. Recession ravaged the steel and metal bashing businesses of South Yorkshire and cut a swathe of unemployment through the textile towns of West Yorkshire.

In 1984-85 came the miners' strike, which started and centred on the Yorkshire coalfields that are the power base of Mr Arthur Scargill, the president of the National Union of Mineworkers. Here, the fight was at its most bitter and the divisions deepest.

But even as the strike went on there were stirrings in other parts of the regional economy. These have turned out to be the beginings of real growth. What is happening in Yorkshire and *Humberside today can only* be regarded as the start of a boom.

According to Mr Stephen Downs of Leeds Chamber of Commerce: "There has been a marked increase in confidence and turnover. Orders have picked up dramatically in the last six months. There has been a big increase in planning proposals and applications. For the first time in years it looks sustainable."

There are other signs, such as the performance of the Yorkshire General Unit Trust, which started last year. This is an indicator because three-quarters of its £8m is invested in Yorkshire quoted companies. The trust appreciated by 41 per cent in its first year, substantially outdoing the FT All Share Index's 19 per cent gain in the same period.

The YT Index, which was started by York Trust, the Leeds-based financial services group, in March 1985, tells a similar tale. It is based on the share price performance of all of Yorkshire and Humberside's quoted companies. By the beginning of June this year the YT index had passed the 220 mark.

While a national bull market means a rising tide that will lift all boats that are in the water, those in Yorkshire and Humberside are rising faster than elsewhere. Indeed, the growing strength of the regional market is underscored by a remarkable explosion in financial and professional services in and around Leeds.

If Manchester wants to remain the North's most important financial centre, it will have to look to its laurels. Leeds is pressing it—and is clearly providing Yorkshire and Humberside with a self-sufficient financial capital city.

There is now no need for almost any Yorkshire company to go to London for financial services. Some specialised merchant banking services may have a question mark over them in Leeds, but that will probably not remain for long.

What is happening in Yorkshire and Humberside, however, poses a crunching question for the Government: when will economic growth have a decisive and lasting impact on unemployment? Of course, this is a national issue, but Yorkshire's microcosmic position provides representative pointers.

Last year, in a detailed FT regional report on Grimsby, it emerged that there was no direct connection there between economic growth and a fall in numbers of jobless.

There in South Humberside the economic structure had been rocked by changes in the steelmaking and fishing industries. Food processing was emerging to take their places as dominant industries in the economic spectrum—but with high technology plant and methods that often required even fewer people.

This wider survey of Yorkshire and Humberside shows a similar situation elsewhere in the region—increasingly better performance and growth, but with many fewer employed and no plans to expand workforces.

In textiles, for example, Yorkshire companies have upped their investment in new *technology* to beat foreign competitors all over the world in high added-value markets. Bradford's Illingworth Morris, for example, made £6.1m profit on £96m turnover last year, compared with £21,000 on £77m in 1983.

A similar picture emerges in the steel industry. The ravaged acres of Sheffield's Lower Don Valley speak volumes for what has happened. But high technological methods, such as continuous casting, are working wonders for the survivors.

BSC Stainless is spearheading a remarkable recovery in steelmaking itself. When it comes to using steel for manufacture, the Sheffield-based Aurora Group—which makes a wide range of engineering products—proves the point too. It made £11m on £112m of sales last year. In 1983 it was only £3m on £91m.

The shake-out in the coal industry was forced by confrontation, not recession, but the story is the same. The future lies with the super-pits, where new technology will push up the industry's productivity at the ex*pense of more lost jobs as older* mines close.

Unemployment in Yorkshire and Humberside is now below the national average at 12.3 per cent. This represents 289,786 people—one in eight of the region's 2.3m workers. This may not seem bad compared with some parts of the UK, but the average hides a worrying pattern.

In the old spa town of Harrogate the rate is 6.9 per cent. In the North Yorkshire county town of Northallerton it is only *6.1 per cent. But in Rotherham* and Mexborough, caught in the pincers of change in both coal and steel, it is 20.5 per cent.

In Doncaster, where there have been railway workshop closures too, the rate is 19.5 per cent. Huddersfield, an engineering centre, and Whitby, a fishing town, are both at 17.3 per cent. Sheffield (15.3), Scunthorpe (14.7), Grimsby (14.4), and Bradford (13.3) all underline the region's problems.

Meanwhile, Leeds and York appear to have turned the corner. Their rates are 10.7 and 10.4 *per cent respectively, while at* Halifax the figure is around average.

Halifax is in Calderdale, the borough chosen by Business in the Community (BiC) for Britain's first "one-town partnership," where all elements of the public and private sectors pull together to achieve regeneration. The experiment has plugged Calderdale into BiC's national network for contacts and has already won it Eureka!, a national children's museum which will eventually help sustain hundreds of jobs.

Do Yorkshire and Humberside need more of this sort of pro-active approach, or can wider recovery be left to market forces?

Many in the business community are as doubtful as the region's political leaders that recovery can succeed universally under its own steam. There are grave worries about social blackspots, such as Chapeltown in central Leeds where there were disturbances involving ethnic minorities last month.

Dr John Bridge of the Yorkshire and Humberside Development Association (YHDA) says: "The regional economy presents a delicately poised problem. There is strong recovery with blackspots. It is sometimes difficult to get people to think in a regional context. We need to create a regional conscience. To do nothing is not an option."

Mr Reg French, president of the regional TUC, says that the TUC and CBI have repaired bridges burned during the miners' strike and are trying to find common ground and work up joint initiatives. He is particularly pleased about a new accord on improving communications in the workplace.

Mr Brian Bigley, the CBI regional director, says: "Employment levels will not change much among our members, but we are now more optimistic that overall unemployment will decline."

Against this background, Yorkshire Enterprise emerges today, a born-again version of the West Yorkshire Enterprise Board, but now empowered to act throughout the region.

Many acknowledge that what is needed is a regionally chauvinistic body to pull things together. Is this it, or should there be something new, a combination of public and private sector bodies similar to the Northern Development Company in the North-east and Cumbria?

The building blocks are there, and few people locally will have failed to notice that Yorkshire Enterprise and the YHDA have a common chairman in Mr John Gunnell, a political heavyweight.

CONTENTS

Pragmatism beats parochialism in the towns and city states

Tradition survives in smaller units

NOBODY IS shouting about it, but there's an air of satisfaction in Yorkshire that the cities and big towns are at last being allowed to sort their own destiny. The latest round of local government reorganisation, abolishing the metropolitan counties, left Leeds, Bradford and Sheffield masters of city states with larger boundaries than in the old Riding days and no big brother watching over them.

Yorkshire's special parochialism could never quite accept that Leeds and Bradford, let alone Bradford and Halifax, had much in common. The present arrangement is hardly perfect, since Keighley and Ilkley must still reconcile themselves to being part of Bradford, while Huddersfield dominates a Kirklees district containing the once-proud towns of Dewsbury and Batley. Today's pragmatic approach encourages tradition and identity within the smaller units, a marketable commodity *for industrial development and* tourism.

Leeds in particular, Yorkshire's unchallenged business and financial centre, a city which has coped with recession thanks to its wide commercial and industrial base, is beginning to emerge as a true regional focus. Bradford's major efforts in selling itself, both to its citizens and the world outside, are starting to show results. Sheffield, hit by the swift decline in special steels, has now had time to draw breath and think afresh.

Unlike Manchester or Birmingham, Leeds does not have difficulty finding sites for its big local companies to relocate. Three current projects, each representing an investment of some £15m, are Asda's headquarters building opening up the southern approaches to the city centre, Elida Gibbs' purpose-built toiletries factory on an 18-acre site, and Leeds Permanent Building Society's computer centre. New investment in Leeds totals about £500m.

An indication of confidence is interest in the proposed Killingbeck Science Park, which has been available for suitable development since the early *1980s but is only now attracting* serious bids. North Yorkshire Securities are planning to build self-contained units of up to 5,000 sq ft for high-tech companies looking to buy their own, individually-designed offices.

The city centre office-letting scene is beginning to excite developers but worry planners because of the shortage of quality accommodation. Oversupply, dating back to 1981, has been *gradually whittled away.*

Leeds admits to inner-city areas, and to wide disparities of opportunity. The constituency of Leeds Central counts unemployment at about 15 per cent, and Leeds East is little better. In Chapeltown, the rate rises to about 30 per cent. However, Leeds North West, Pudsey and part of Roundhay are strikingly buoyant, with unemployment as low as 5 per cent or 6 per cent. Taken as a whole, the Leeds travel-to-work area, roughly following the city boundaries, had an unemployment rate of 10.6 per cent in June 1987, comfortably below the regional average.

Travel-to-work area demarcations are a contentious issue in Yorkshire Bradford qualifies as an assisted area authority partly because its TTWA includes some of the heavy *woollen district of Kirklees.* Huddersfield has a TTWA of its own which doesn't qualify, nor does Keighley TTWA which is administratively part of Bradford. A further irony is that *Keighley town centre—as* opposed to the suburban or rural hinterland—has high pockets of unemployment. A recent bid made by Wakefield MBC for assisted-area status in *Castleford and Pontefract was* rejected, though its unemployment figure of 15.1 per cent is higher than Bradford's (13.1 per cent).

In itself, intermediate status is no big deal. But it can unlock the door to the European Regional Development Fund and other Brussels monies. Nearby authorities view enviously Bradford's success with Europe, not just in showcase projects *like the Alhambra Theatre but* in forging an ongoing link.

A year ago Bradford published a report, commissioned from Graham Moss Associates, on the suitability of across-the-board help from Europe to help Bradford regenerate itself. The report proposed spending £110.3m over five years on industrial modernisation, employment development, infrastructure, transport, and tourism, with EEC grants providing 48 per cent of funds. Bradford's 35 per cent contribution drew heavily on Urban Programme grants. Private sector involvement was pitched at only 4 per cent.

The bid stands, and Bradford's case has if anything been strengthened by the fresh emphasis on inner cities. Meanwhile, the city's morale-boosting campaign, Bradford's Bouncing Back, has caught the imagination of ratepayers, helped by "good news" reports in the Telegraph & Argus (who also print Northern editions of The Independent). The prime stimulant has been Bradford's undeniable success in selling a tourist package. If others pay good money to come—which they do—things must be getting better. Bradford's chairman of *employment and environmental* services, Mr Mohammed Riaz, symbolises a new era of cross-cultural cooperation and venture.

Little Germany, the area of fine warehouses near the cathedral, built by textile magnates at the height of the worsted era, is being resolutely reclaimed and reinvigorated. Forster Square Station, a sleepy terminus for the Skipton-More*cambe line, is to be redeveloped* as a £35m shopping centre by Pengap, a Burton subsidiary, putting Bradford back into contention with Leeds—or so it is claimed. One of the city's main complaints has been British Rail's treatment of Bradford as a subsidiary to Leeds. The city is pressing for electrification along with the main East Coast route, and restoration of through services to London.

Sheffield has no such problems. The Master Cutler Pullman runs to St Pancras in 2¼ hours. The challenge is more keeping London at bay than encouraging it to visit. Sheffield still tends to see the massive rundown of industry in recent years as a private grief which it alone can allay. It is, of course, seeking all the funding it can get to attack industrial rebirth bar what is seen as undemocratic imposition of an urban development corporation by Whitehall. To this end it has commissioned a study on the Lower Don Valley

Following the departure of Mr David Blunkett to Westminster, the Sheffield City Council, led by Mr Clive Betts, is engaging in a *significant three-corner discussion about the way forward. One group of councillors argues* that realism is the best way to face Thatcherism phase three; a second counsels the need to stick to socialist principles; a third suggests that the Council *should begin* to make the running by being more pro-active.

Sheffield is now the only Yorkshire council worried by ideological debate. Rotherham nearby has always been quite willing to take anything on offer, including an enterprise zone, to counter heavy unemployment rates. East into the South Yorkshire coalfield, where pits have closed rapidly since the 1984-85 miners' strike, a princi*pal concern* is to reinforce the strong community of mining villages by helping local ventures.

Barnsley is among the authorities seeking a broad spread of new industry as well as a different image. Barnsley points to its excellent communications, good relationship with existing major employers like S. R. Gent, Beatson Clark and Redfearn National Glass, and its imaginative attitude to new industry. *Apart from the Barnsley Business* and Innovation Centre, described elsewhere in this survey, the Council recently set up Barnsley Enterprise, together with the West Yorkshire Enterprise Board and the Yorkshire Bank, to offer venture capital.

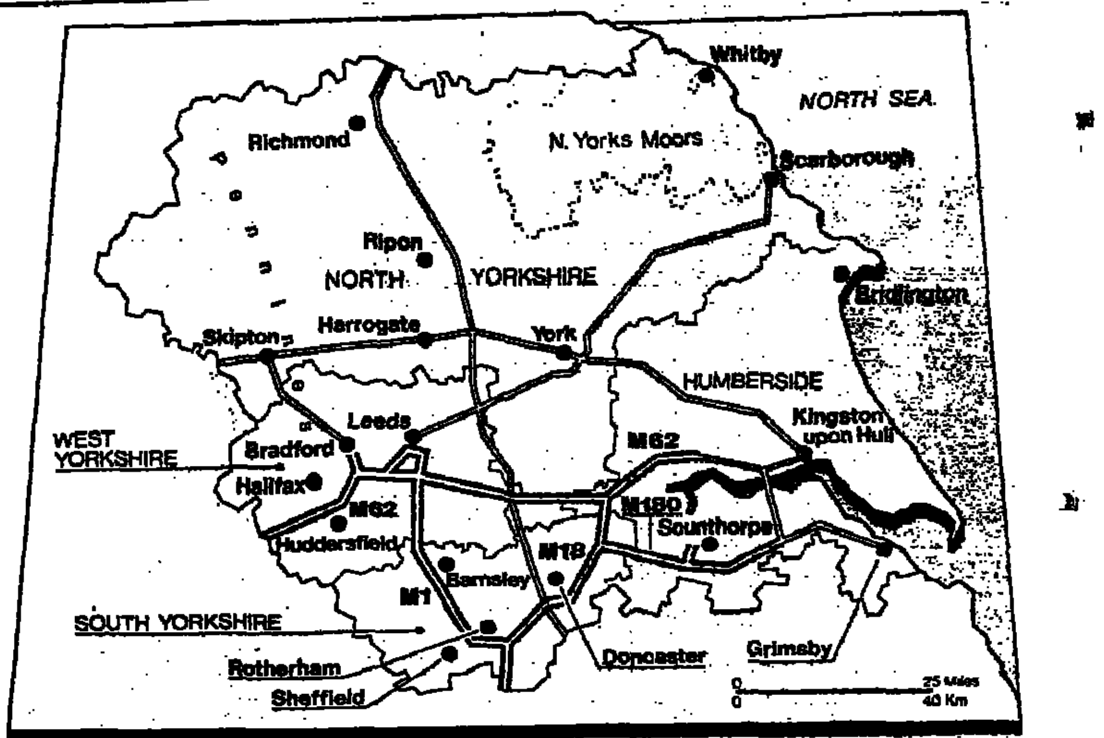
There are parallels between Barnsley, the former administrative centre of South Yorkshire, and Wakefield, where West Yorkshire county council was based. Wakefield still houses county-wide services like the police and sees itself as a secondary office base to Leeds. Wakefield has plenty going for it, symbolised by The Ridings shopping centre and a number of growing employment areas. The real problems lie in towns like Castleford and the semi-rural mining areas, where jobs continue to dwindle.

Wakefield shares a chamber of commerce and an enterprise agency with Huddersfield, whose own steady progress over the past year or so underlines Yorkshire's quiet strengths. Huddersfield has become of growing interest to retail developers because of its commuter pull. There are proposals for a major Tesco, retail warehousing and specialist shops in renovated squares. British Rail are cooperating in a clean-up of the Leeds-Manchester corridor, which Kirklees council believes especially important for Batley and Dewsbury. There, environmental improvement complements industrial regeneration.

Heavy job losses at Case Tractors, Meltham, near Huddersfield, have been more or less absorbed by joint initiatives with the DTI. In the assisted area at Oakwell, beside the M62-M621 junction, Kirklees developed a 25-acre site in *under a year* in response to major inquiries which brought along Thomas's Petcraft and Spring Ram plus hundreds of jobs.

Regular M62 users, who often face heavily-competitive traffic in dismal weather conditions, may have difficulty in seeing it as the "club" founded by Mr Justin Kornberg, chairman of Lister. In Yorkshire, certainly, the motorway has improved communications dramatically. Those who want to move about quickly. Those who don't stay put in their own clearly defined, closely guarded patch. Yorkshire survives.

Robert Waterhouse



The YHDA

Netting the right targets

THE most recent success for the Yorkshire and Humberside Development Association (YHDA) came last week when Citizen Watch announced a new £6m factory for Scunthorpe, South Humberside. It will make computer printers and create 280 jobs.

Scunthorpe won the Japanese company over despite strong competition from East Kilbride and other regions. It started well down the list of contenders but after nine meetings had scored enough plus points to win.

Citizen need a manufacturing base in the UK for easier long-term access to European markets. The market for printers is growing quickly and a factory capable of making 30,000 a month was needed. The YHDA's market research put it on the trail and an approach was made through the association's agent in Tokyo last October.

The plus points include green field site, extensive grants as a result of Scunthorpe's unemployment rate and its position in a steel closure area, as well as excellent road connections into the UK motorway network and fast access to Europe via Humberside's nearby ports.

But another factor also weighed heavily—the wide industrial manufacturing base that Yorkshire and Humberside can offer. This meant that Citizen could rely on the region to provide any components it might require.

The arrival of Citizen, however, also says much about the YHDA and the way it has been evolving under Mr John Gunnell, its *chairman, and Dr* John Bridge, its director, who took over two years ago.

The association's role is to get inward investment, mainly from overseas, into Yorkshire and Humberside. How it does so comes down to marketing management. Previously, the YHDA was more a promotional body than anything else, raising awareness of the region abroad, but it was not as thrusting as many would have liked.

For example, it paid for industrial development officers from individual subscribing local authorities to make short foreign trips but funding restricted *follow-up in depth.* Some local councils questioned the value for money of this approach and there was considerable pressure for a change.

Mr Gunnell, a political heavyweight *and former leader* of West Yorkshire County Council, took a high profile in the YHDA after the abolition of the metropolitan counties last year. Dr Bridge—the Ph.D. is in economics—has had *full* support in pursuing a "targeted marketing" approach.

Primary targets are the US, Japan and Western Europe. With every other inward investment body after the same small pool of footloose industry, YHDA has segmented these markets carefully in choosing its targets.

The biggest effort is in the US, where the YHDA has a full-time deputy director based in California, south of San Francisco in Silicon Valley. There is also an office in Houston. Dr Bridge is spending the summer in the US evaluating progress after the *first two years to decide how* things should develop.

The factors which attracted Citizen Watch are powerful, especially when the region's network of universities, colleges and research institutions is added to them.

However, the network of component suppliers for nearly every manufacturing process that might want to relocate is important for another reason — it helps the rationale for private sector support for the YHDA.

The rationale is that since inward investment brings local orders for supplies, as the Citizen Watch example proves, *it must be in the self-interest of* industry and commerce to support its pursuit.

Bodies such as the YHDA were always in the past predominantly public sector ones and almost completely funded as such. But the Government now insists that the private sector pays a share of the cost of economic regeneration, since it benefits from it.

The main sources of funds remain the Government and local authorities — some of them warmer than others — but 20 per cent of the YHDA's income now comes from the private sector.

It now has nine corporate sponsors paying £50,000 a year each in cash or kind, which includes a full-time secondee from Vickers. More important, everyone has renewed. In addition, there are 400 associate members paying an annual subscription of £50 each. This represents a growing base of consensus, if not unity, which must help in getting the sales message across.

Ian Hamilton Fazey

Venture Capital

Many players in a growing game

NEW AND expanding businesses have never been better placed to raise risk capital in Yorkshire and Humberside. From a relative dearth of provision only three years ago there is now an array of competing or complementary sources.

Yorkshire Enterprise—as the West Yorkshire Enterprise Board has renamed itself from today—was set up by the now abolished eponymous county council to fill the gap. It now finds itself just one player, albeit an important one, in a fast-developing game.

The vigour with which the private sector is now in the game reflects both the success of Yorkshire Enterprise's pioneering approach and current market forces. There is strong recovery in the regional economy and industry needs development capital to exploit it.

In Yorkshire and Humberside, Investors in Industry (3i), the corporate capital provider owned by the clearing banks and the Bank of England, has long had a strong presence. It operates from both Sheffield and Leeds and offers the usual 3i mixture of financial packages. It has also been prominent in many syndicated deals.

Mr David Wilkinson, director of the Leeds office, puts 3i's share of the local venture capital market at about 50 per cent.

3i's statistics show how the market is growing. In the year to the end of March it invested more than £15m in Yorkshire and North Humberside, a 50 per cent increase on the previous year that outdid 3i's national performance.

The Leeds and Sheffield offices between them financed 15 business start-ups, 14 management buyouts, and 23 development capital deals. In May it started a £40m management buyout fund for the region and expects to do very well with it.

Meanwhile, County NatWest has been doing well too, putting together some large syndicates, one of the most significant being the £1.5m management buyout of Holliday Dyes and Chemicals.

It took a big risk here, buying 71 per cent of the equity itself and then selling it down to other investors, something most observers would have thought inconceivable in an English region only a year ago.

York Trust is also active and sees its developing role very much as Yorkshire's own investment bank. Another indicator of the growing strength of the market is the recent decision of Pru Bache to set up in Leeds, headhunting able managers from its local competitors. There is much looking over shoulders going on as a result.

At the smaller end of the private sector scale Capital for Companies, which is run by Mr Barry Anysz, will be launching its fifth Business Expansion Scheme fund in October. The first four have seen £2.25m of private Yorkshire individuals' money going into 22 companies, with some spectacular successes and only one failure.

Last year Mr Anysz tried to set up a development capital fund but could not persuade enough local authority pension funds to put money in. Yorkshire Enterprise seems to be taking over this role now, setting up special funds with counties and boroughs.

All these sources will ensure that nowhere in Yorkshire and Humberside will be without some financial backer to turn to. However there are some areas which are even better off.

Businesses in or moving into the steel and coal closure areas, which are concentrated in South Yorkshirre and South Humberside, can also get support from BSC Industry or British Coal Enterprise.

The same principle applies in Doncaster where British Rail has set up a special £1.5m fund, following railway workshop closures in the town. It is run by Donbac, the local enterprise agency.

On top of that there is South Yorkshire Developments, the development capital arm of the South Yorkshire County Superannuation Fund. The fund's assets exceed £800m and it is managed by the South Yorkshire Residuary Board.

What is interesting here is that the fund was one of the first to be taken over by the local authorities whose employees paid into it. Its performance — it grew from £40m to £660m in the 11 years to 1986 — has astonished the financial industry and it is growing even faster under the Residuary Board.

Ian Hamilton Fazey

Breadth of the region's industrial mix explains the strength of its recovery

Textiles and engineering lead fight back

THERE ARE telling signs that many fortunes may be well on their way to being made in Yorkshire and Humberside as the regional economy spurts into faster growth.

The first is the performance of the Yorkshire General Trust, which is managed by Mr Christopher Broadbent of Battye, Wimpenny & Dawson, the Huddersfield stockbrokers. This authorised unit trust has an unusual feature—75 per cent of its funds are in Yorkshire companies.

The fund started in January 1986. In the first 11 months the offer price per unit rose 41.3 per cent. During the same period the All-Share Index showed a gain of 18.8 per cent, the FTSE 100 put on 15.2 per cent and the FT30 gained 13.5 per cent.

Another sign is the "YT Index." This was started by York Trust, the Leeds-based financial services group, in March 1985, when the index was, of course, 100. By the beginning of June this year it stood at 221.5.

The YT Index uses for its database the share price performance of the businesses covered by *The Annual Review of Yorkshire Companies*. The review, which is sponsored by Battye, Wimpenny & Dawson, is the work of Professor Brian Murphy, head of the Accountancy and Finance Research Unit at Huddersfield Polytechnic.

It contains comprehensive details of every listed company in the region—and there are 140 of them at present. It is especially interesting for the light it sheds on the diverse nature of Yorkshire and Humberside's economy, and the way things are moving.

For the review's purposes, "Yorkshire" means old Yorkshire—the three ridings of yore and county cricket. This means that most of Humberside is included, as are parts of Lancashire which have Yorkshire postal addresses, so one finds Silentnight Holdings listed, for example.

However, its main thrust is the burgeoning performance of Yorkshire's mainstream industries. Analysis shows the dominant sectors. Textiles is joint leader with 22 quoted companies. Mechanical engineering has the same number but is, of course, related to metals and metal forming, which accounts for another seven.

Building, motors and food processing have eight companies each, with contracting and construction adding another seven. Chemicals and property account for six listed companies each, while electronics, and packaging and paper each have just one less.

The companies cover 20 different industrial and commercial sectors, plus a "miscellaneous" classification containing several high technology companies which cannot be easily pigeon-holed. What this indicates is the breadth of the Yorkshire industrial economy—and this goes a long way towards explaining the strength of the region's present recovery.

Quoted companies, of course, are the tip of the business iceberg. Most businesses are privately-owned, as evidenced by the fact that Leeds Chamber of Commerce has 2,000 members—and in the region as a whole, chamber membership runs to about 8,000. The CBI, which tends to represent manufacturing industry, has about 700 members.

The base is broadest in the old West Riding, narrowest in the South Yorkshire coalfields, where coal, steel and heavy engineering dominated in the past.

Leeds weathered the recession better than Sheffield because it had a much broader and diverse industrial base, says Mr John Rice, director of Leeds Chamber of Commerce. By the same token its economy is growing faster now.

The contrast between West and South Yorkshire is marked. As Mr Christopher Barker of Broomheads, the Sheffield-based solicitors puts it: "The southern part of the region has always been tremendously industrial, mainly concerned with metal trades and with big employers. The Leeds area has always had a tremendous number of medium-sized and smaller companies."

South Yorkshire is catching up with numbers of small companies now as major efforts are made—through a comprehensive network of enterprise agencies and various special funding mechanisms—to rebuild local economies, but the process will take many years.

In North Yorkshire, where coal, agriculture and tourism are critical, determined efforts are going into adding a high technology sector. On Humberside, food and food processing are emerging as major sectors for growth as managers and workers have developed skills related to them.

What is interesting, however, is that much of what is going on in Yorkshire and Humberside is about renewal and modernisation, rather than replacement. "We don't subscribe to the view that there are 'sunset industries.' We have old industries which have embraced new technology," says Mr Rice.

There has been a shake-out and rationalisation of businesses that wanted to live in the past but he says that those which have survived and changed are now beginning to do very well. "The clothing industry survivors can now live with anybody in the world on a pound-for-pound basis," he adds.

Mr Brian Bigley, regional director of the CBI, underscores this: "Wool textile exports have risen to more than £500m a year. They have left behind the mass markets and gone for high added value materials, designs and products. Japan and the US have been the main buyers," he says.

Mr Alan Bottomley of A. V. Hammond & Co, the Bradford-based solicitors, expects the numbers of quoted Yorkshire companies to grow substantially as recovery continues and more move towards flotation. Takeovers of unquoted, growing businesses by quoted companies are also likely.

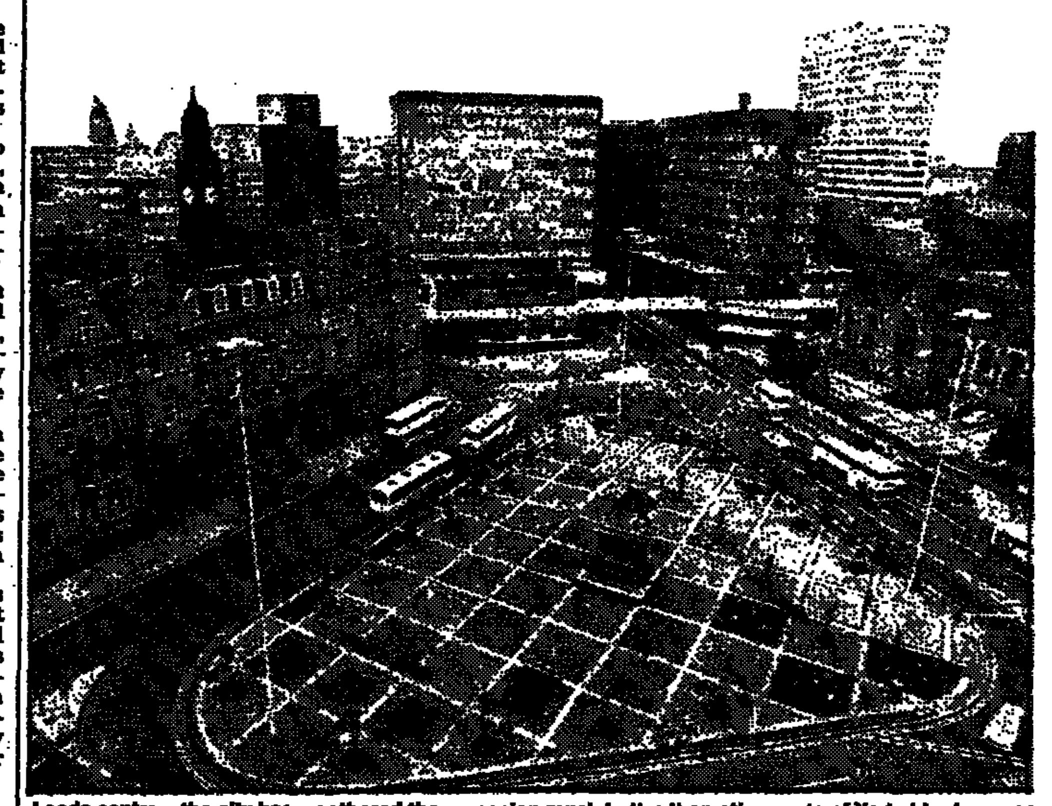
One interesting point also emerges from a study of Professor Murphy's review. There are 29 companies in it which experienced a gain in their share prices of more than 100 per cent in the 12 months to the beginning of June.

Not only does this say a lot about the confidence of investors but also much about regional economic recovery. Of these companies, 12 had a market capitalisation of under £20m and another nine were between £20m and £50m.

The bigger, more obvious high fliers were also there—names like Polypipe (plastic plumbing manufacturer), Nu-Swift (fire extinguishers), Magnet & Southerns (building products), Spring Ram (home improvements manufacturers) and Persimmon (housebuilders).

But many will see the improving performance of the smaller and medium-sized companies as the real test of better economic health in Yorkshire and Humberside. Proportionally, these are the companies likely to grow most and employ more people. The more there are, the deeper will be the recovery.

Ian Hamilton Fazey



Leeds centre—the city has weathered the recession much better than other parts of Yorkshire because of its much broader and diverse industrial base

THE TOP 10

	Company	Market value £(m)	12-month change in share price (per cent)
1	Asda-MFI	1,919	+ 17
2	Burton Group	1,729	+ 8
3	Rowntree Mackintosh	1,113	+ 13
4	Magnet & Southerns	660	+129
5	Northern Foods	624	+ 11
6	Hepworth Ceramic Holdings	385	+ 20
7	BBA Group	363	− 19
8	Allied Colloids	324	+ 38
9	Mount Charlotte Investments	322	+ 80
10	Farnell Electronics	306	+ 34

Quoted companies

By sector

	No.
Building	8
Contracting and construction	7
Electricals	2
Electronics	5
Mechanical engineering	22
Metals and metal forming	7
Motors	8
Other industrial materials	2
Food manufacturing	8
Food retailing	4
Leisure	3
Packaging and paper	5
Publishing and printing	3
Stores	7
Textiles	22
Agencies	1
Chemicals	6
Conglomerates	1
Property	6
Financial	4
Miscellaneous	9
Total	140

Quoted companies

by market value

Value	No.
Over £1,000m	3
£1,000-£500m	2
£499m-£300m	5
£299m-£100m	18
£99m-£50m	26
£49m-£20m	26
Under £20m	60

Yorkshire Enterprise

Building bridges between the public and private sectors

THE WEST Yorkshire Enterprise Board—to be known now simply as Yorkshire Enterprise—was a distinguished survivor from the abolished West Yorkshire County Council.

So, too, is Mr John Gunnell, who was Leader of the council from 1981-86, which set up the Board, and who now heads both Yorkshire Enterprise and the Yorkshire & Humberside Development Association.

As a Labour leader from the pragmatic, moderate wing of the party, Mr Gunnell insisted from the start that the Board should operate on a commercial basis. It was launched in 1982 with a £1.3m grant from the council, later supplemented on three occasions to bring its capital base up to £10m. The base was secured further with a £10m loan negotiated with the Bank of Nova Scotia in 1984.

Its purpose was to help fill the long-standing gap in the areas of venture or development capital and management buyouts, thereby creating and saving jobs, by taking minority equity stakes and/or making loans. In this, it has had considerable success, not only in its own activities but also in spurring a greater interest on the part of the banks in filling that gap.

Mr Gunnell can only see it as "a good thing if we have to compete for some of the business." He adds: "We have created a climate in which there will be greater industrial growth in the region. People know increasingly that we are not the only source of help."

But he believes that "there will aways be a role for an organisation which balances the private and public sectors. If the present Government succeeds in limiting the public sector, it will still be vital to the regions to have a body which can build the bridges between public and private sectors that are needed for successful investment and a progressive region."

The short history of the Board has confirmed its place as a bridge-builder. Viewed initially with suspicion by the Conservative opposition on the council, and local chambers of commerce, which thought ratepayers' money would be sunk into doubtful projects, its financial success—it made a profit of £903,441 in 1986—and undoubted support in job creation, has helped to remove opposition to its concept.

Mr John Gunnell, chairman of both Yorkshire Enterprise and Yorkshire and Humberside Development Association

It has gained the respect of government departments working in the region, particularly Employment, then the Department of Trade and Industry, and its personnel hope that this will be reflected in an improving relationship with Environment.

Mr Gunnell believes that the growing stature of the Board has been aided considerably by the fact that the managing director, Mr Alan Pickering, was recruited from the private sector. Furthermore, Mr Pickering has been with the Board since its inauguration, spanning the period when it was responsible to the county council to its present status as a limited company.

The bridges with local authorities had to be re-built following the abolition of the county council. Joint companies have been formed by the Board, using facilities extended by Yorkshire Bank, with the district councils of Bradford, Calderdale, and, marking the Board's expansion beyond its original territorial confines, with Barnsley, and the Conservative-controlled North Yorkshire county council.

These companies enable the local authorities to have access to capital which is not subject to Treasury spending controls. None has yet been formed in the Humberside region, however.

Co-operation between the different councils of the region has never been straightforward. Increasingly, however, Yorkshire Enterprise, working with the local authorities, expects also to work with the other regional bodies, such as the YHDA, which is the promotional body for the region, and English Estates, the principal supplier of industrial property in the area.

The value of the "one-voice" approach was clear in the recent decision by Japan's Citizen Watch to plump for Scunthorpe, and a greenfield site, for its planned European computer printer manufacturing. The YHDA's agency in Japan approached the company when it learned of the plan to manufacture in Europe. It was in a position to bring to the attention of Citizen Watch the various grants on offer from central government if it invested in the region, and English Estates was on hand to offer, first, temporary accommodation and, second, a greenfield site where the plant will be purpose-built for the Japanese company's requirements.

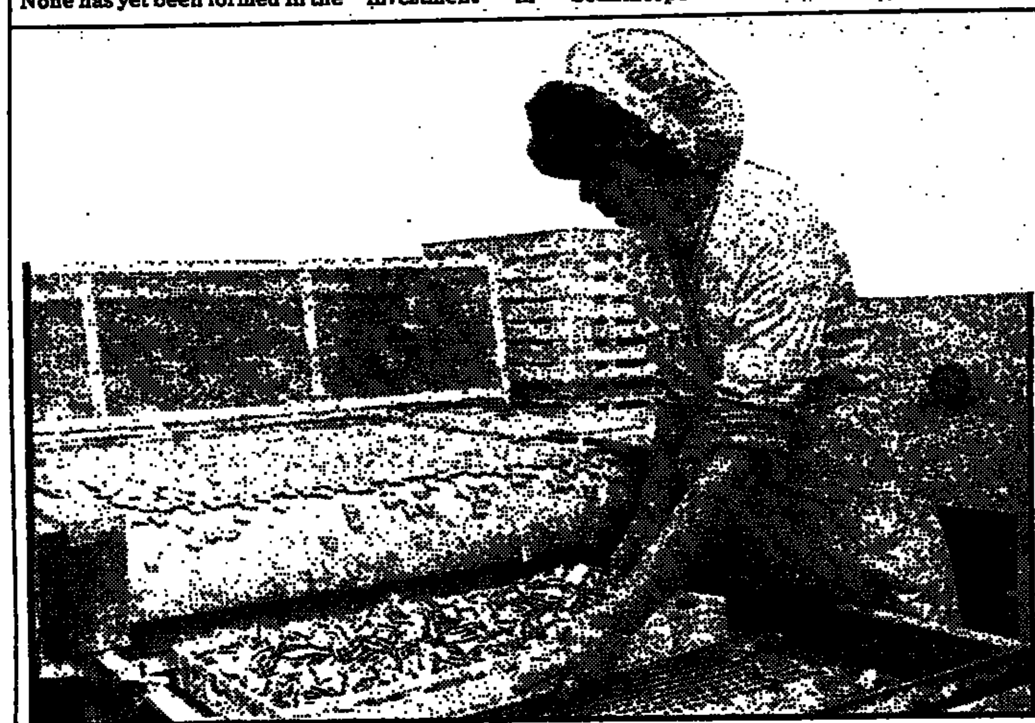
It will now be for Yorkshire Enterprise to ensure that local companies are in a position to compete for contracts and components supplies, so helping to spread the benefits of the investment in Scunthorpe around the region.

"I would like to see a consortia of organisations which have a direct interest in investment in the region so that they work together," says Mr Gunnell. "It is not necessary in this area to formalise it, or fuse them into one body, as has been done in the north-east with the Northern Development Company, but we need to know what the other bodies in the region are doing and understand the respective roles."

This is the pragmatic voice of Mr Gunnell. Ultimately, he would like to see Yorkshire and Humberside, and other UK regions, having their own elected regional authorities. The various bodies working to promote economic development in the region would be responsible to that authority. "In the end, I think we shall come to that sort of arrangement," he says, his idealism perhaps taking over for the moment his normally more utilitarian approach to the practice of Socialist ideas in a Conservative-governed country.

In the meantime, however, the emphasis must be on maintaining and improving on existing institutions. The main goal, after all, is to enable the considerable economic potential of the region to be released.

Hazel Duffy



A traditional Yorkshire product of world-wide fame—liquorice allsorts coming off the production line at Bassett's Sheffield factory

Financial and Professional Services

A remarkable growth of strategic importance

IN THE five minutes it takes to walk from Leeds city railway station to the Corinthian colonnades of the town hall, it is impossible not to be struck by the strength of Yorkshire's financial and professional services.

The principal route is a gauntlet of banks, building societies and insurance companies.

Leeds chamber of commerce lists 25 banks of various types in its classified directory, six of them from overseas, but there are less obvious indicators of what has become an increasingly remarkable story of growth in the last few years.

Of the 10 largest firms of "corporate" solicitors outside London and Edinburgh, five are in Yorkshire. The Leeds-based firms of Booth & Co, Hepworth & Chadwick and Simpson Curtis provide nearly 500 jobs between them. A. V. Hammond & Co employs 150 in Bradford and Leeds, while Broomheads has nearly 180 in its Sheffield-based network in South Yorkshire.

These are large, thriving, locally-founded practices. Nearly in the same league in terms of size is another Leeds firm, Dibb Lupton. Another, Slaughter & May, also has several important corporate clients, while the smaller Brooke North & Goodwin is developing a state-of-the-art computerised approach to its business.

All have experienced a surge of growth in the last three years as Yorkshire and Humberside's regional economy has turned up.

Another indicator is the way the accountancy profession has been developing. Of the latest league table of top-20 accountants published earlier this month in the FT, only two are not in Leeds. Peats and Price Waterhouse are biggest, followed by Ernst Whinney, and these account for around 700 jobs.

Smaller firms like Deloittes employ 100 and are growing fast—in Deloittes' case by more than a third in each of the last two years. Mr Robert Martin, who moved Deloittes from Bradford into Leeds two years ago, says this is because of expansion of the general market for professional services, not the result of clients changing auditors.

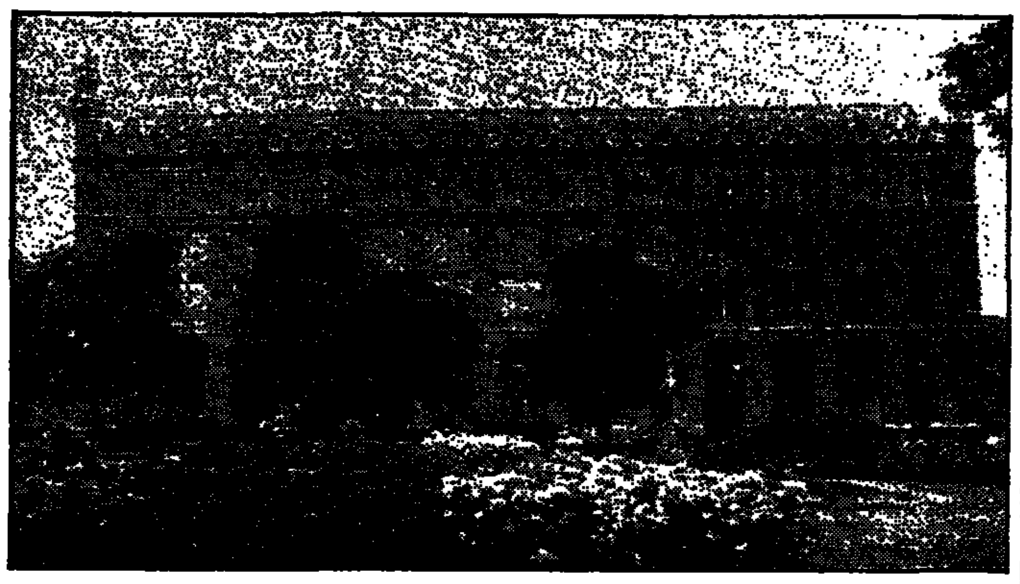
In some cases accountants are going for specific market segments. His own firm claims a growing share of personal services for successful Yorkshire entrepreneurs who have become rich as their companies have expanded to flotation or sale. Word of mouth has brought more in.

For some accountants Leeds functions as the national headquarters for specific functions. Hodgson Impey runs its national insolvency business from there. For Spicer & Pegler it is the firm's tax investigation unit which acts from Leeds for businesses all over Britain which are under investigation by the Inland Revenue or Customs and Excise.

So expertise is good enough for Yorkshire to handle national functions that might in the past have been housed in London without a second thought.

Mr Alan Bottomley of A. V. Hammond & Co, the Bradford-based solicitors, sees a greater strategic importance in this for the region than the presence of the sector in itself.

He says: "It is not just that there is more profitable work for all of us. The fact that good professional advice and expertise is available locally helps keep the head offices and the decision-making here. Thrusting Yorkshire companies like Norton Opax, John Waddington, BBA Group, FKI and Spring Ram are good examples."



St Paul's House, a converted mill warehouse, is the home of York Trust, in Park Square, a haven of greenery in the heart of Leeds

There are about 150 quoted or USM companies in the region and Mr Bottomley says that fewer of them each year list City of London firms as their solicitors. Many of those which still do, do so merely for prestige reasons, giving the bulk of their corporate work to top local firms.

"The London firms are so bombed out with work for very large national companies or international clients that even a £100m capitalised Yorkshire company is pretty small beer to them. Yorkshire directors quickly catch on—200 miles is a long way to go to see a newly-qualified solicitor different from the one they saw last time," Mr Bottomley says.

A few years ago, certain legal work would have gone to London automatically, but this does not happen today. Hepworth & Chadwick acted for Norton Opax in the successful hostile bid for McCorquordale. A. V. Hammond acted in the unsuccessful hostile bid by Sunleigh for Dale Electricals. It is acting now for FKI Electricals in its bid for Babcock International.

Almost every one of a company's professional advisers—accountants, solicitors, merchant bankers, and stockbrokers—can be drawn from local ranks.

Mr. Bottomley says that with directors also based locally, this means that if, say, a London merchant bank is brought in to provide highly specialised services, then the days when people had to troop to London for meetings have now gone.

The odd man out has to do the travelling, so that in the Sunleigh bid for Dale, for example, every meeting was held in Yorkshire. "We have just floated Henry Barrett on a full listing and all the drafting meetings were held in Bradford," Mr Bottomley says. The flotation of Watmoughs, the security printers, has been done on a similar schedule.

However, there is less evidence of self-sufficiency as yet in Sheffield and South Yorkshire, where the industrial base is narrower and there may be more smaller businesses not yet grown enough for flotation.

Mr Christopher Barker of Broomheads, the leading corporate solicitors in the area, says that South Yorkshire people still go to London for financial services. "We do a lot of business in London but then we also do a lot of business in Leeds," he says.

His own firm is expanding in the belief that it must match the accountancy profession for the quality and depth of service it can offer locally. He sees firms of solicitors growing by merger in the next few years.

"It is our belief that we should be very substantially larger than we are now so that we can broaden our services to our clients," he says.

He says firms such as Broomheads will do much more research, developing databases of useful information, and adopting a proactive approach to clients. Being bigger will provide an economy of scale and make it easier to carry the overheads involved.

If there is a difference of opinion among professionals about Yorkshire's self-sufficiency in financial and professional services, it concerns merchant banking.

Some people think there is a definite gap here, although Singer & Friedlander have offered a full service for many years and Mr Brian Buckley, the vice chairman in charge of the Leeds operation, says that its financial performance has improved in each successive year. Singers moved into new and bigger offices in Leeds last week.

"Full service" includes all aspects of takeover bids or defences. However, Mr John Richardson of County Natwest in Leeds thinks that there is a natural limit to what merchant bankers can do in the regions.

In particular, he says that the best "players" in the takeover game are concentrated in London, where they are constantly honing their skills. He believes that the client is best served by using London skills for such specialised needs.

The local branch of the merchant bank can, however, be fairly comprehensive in what else it can do, especially regarding corporate finance, syndication of deals, uncontested acquisitions, management buy-outs, and so on.

Not that this has encouraged other London merchant bankers to open up in Leeds, a factor that has itself encouraged York Trust to do exactly that. Leeds is its headquarters but, ironically, growth of its London office has already outstripped it for size.

Accountants and solicitors also question whether corporate stockbroking needs are serviced well enough. Rensburgs, the Liverpool-based firm, is well established in Leeds and most expect it to provide increasingly for the corporate market.

Stockbrokers in the area, however, are well-founded on substantial volumes of private business and most have been doing well out of privatisation issues. For example, Fowler Sutton Company, the stockbroking arm of Hull Investment Management, reports a five-fold increase in business since the big bang, and a scramble to train staff to cope with the new volume.

Nicholson Barber used the local buses to advertise some of its privatisation services and was rewarded with queues of people that wound down several flights of stairs from its front door on the top floor of a Sheffield city centre office block.

Such a thing is unlikely to happen at Battye, Wimpenny and Dawson (BWD) because its offices are in the country several miles outside Huddersfield. "Since 90 per cent of our business is done by telephone, we took the view that physical location was actually irrelevant," says Mr Christopher Broadbent. The firm is packed with the latest computer and communications technology.

BWD sponsors Huddersfield Polytechnic's review of Yorkshire companies, an impressive, comprehensive guide to the financial performance of all quoted and USM companies in Yorkshire and Humberside.

This contributes to the depth of the firm's local knowledge, which it puts to good use in the Yorkshire General Trust, a unit trust it started in January 1986.

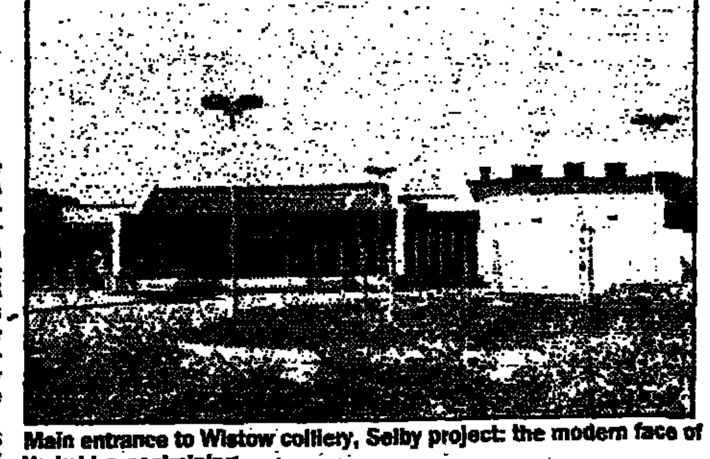
It is a symptom of Yorkshire's growing bullishness that the trust—which Mr Broadbent manages—has topped the UK general unit trust league since its launch, indicating that Yorkshire companies are doing better than counterparts elsewhere.

About 75 per cent of BWD's business is from private clients, but in stockbroking terms, Yorkshire's is mainly a private, cash market. Against this background, corporate stockbroking comes second. It remains to be seen how much the growth of the financial services sector will change the balance.

Ian Hamilton Fazey

Yorkshire Coal

The pain and the prospects



Main entrance to Wistow colliery, Selby project: the modern face of Yorkshire coalmining

WITH MORE than a third of Britain's collieries, Yorkshire plays a predominant role in the affairs of this vital national industry. It produces nearly 30m tonnes of coal a year, a third of the country's deep-mined output, and employs a third of the miners.

With its close links to the steel industry and other manufacturing sectors, Yorkshire's coal is integrally linked with the economy of the region. Much of it is also "exported" through the National Grid after being converted to electricity at the large Yorkshire power stations, such as Drax, Ferrybridge and Thorpe Marsh.

Because of its size, the Yorkshire coalfield encompasses, in full measure, the strengths and the problems of British Coal as a whole. Productivity in the North and South Yorkshire administrative areas was surpassed last year only by that in Nottinghamshire. North Yorkshire enjoys the biggest single investment in new capacity at the spectacular Selby project, a constellation of six collieries, desgned to produce more than 10m tonnes a year. This will further increase Yorkshire's proportion of national coal production, and enhance the industrial muscle of its workforce.

The coalfield has also suffered acutely in recent years from painful restructuring. It has suffered the highest number of colliery closures in the country—with 23 pits shut in the past five years. In the same period, it has lost 26,000 mining jobs, compared with 19,000 in the East Midlands, 14,000 in the Northern coalfield, while Wales and Scotland have each lost 13,000.

Village communities which have grown up and prospered on coal regard the closure of their pits as a lethal blow to present and future generations. When the closure is ordered on economic grounds rather than geological exhaustion it engenders the kind of resentments which boiled over in the 1984-85 strike in which the Yorkshire National Union of Mineworkers led the way.

Even without the prospect of widescale closures, Yorkshire collieries are traditionally the most difficult to manage, as reflected in the higher than average level of "rag outs"—or wild-cat strikes—of which Sir Robert Halam, the British Coal chairman, frequently complains.

The potential for flareups was demonstrated this month with widespread stoppages in protest at British Coal's new disciplinary procedures. Yorkshire, the biggest constituent in the NUM, also remains the power base of Mr Arthur Scargill, the union's fiery president, whose first action on assuming office five years ago was to transfer his headquarters from London to Sheffield.

The turbulent politics of the coalfield tend to give it a bad press, and distract from its less newsworthy aspects. On industrial relations, for example, British Coal officials candidly admit that what is needed is a "change in attitudes." But they do not despair of progress, citing the "excellent" industrial relations at Rossington, a South Yorkshire colliery with a previous history of strife.

The last time the Selby project attracted national attention was when unexpected water problems hit the first production face at Wistow, the first colliery due to come on stream. In the two years since these problems were first encountered Wistow has repeatedly smashed UK overall productivity record.

For the time being its output has to fund all the capital charges in the Selby project. But the coal and cash flow is set to increase dramatically in the next few months when three more of the satellite pits come on stream—at Riccall, Stillingfleet and Whitemoor.

The central feature of the Selby project are the twin 12.25 kilometre long spinal tunnels through which the coal is conveyed on belts to the big Gascoigne Wood disposal site. There it will pour on to 1,000-tonne merry-go-round trains leaving at the rate of one an hour for the power stations.

One of these tunnels is complete and the second has only another 3 km to go. In order to cut down the amount of tunnelling which will be required, the last pit in the complex—North Selby—will be hooked into the system via the nearby Stillingfleet mine.

Selby was conceived in the expansionist days of the Plan for Coal when forecasts of market growth were much higher than they are now. It is far from certain that such a grandiose scheme would be conceived today. Even so, with reserves continually being extracted, the Yorkshire coal industry is continually moving eastward, away from the older seams in the West.

In South Yorkshire, there has long been talk of reopening Thorne colliery, North East of Doncaster. The project has been plagued by geological and economic problems. It was originally closed in the mid 1950s because of water entering the shaft. The shaft was relined in the late 1960s but the colliery was then mothballed because of the collapse of energy prices.

With the recovery of energy prices in the mid 1970s, plans were announced to reopen it by completing the pit bottom facilities and possibly sinking a third shaft to double output to 2m tonnes a year.

This autumn, South Yorkshire director Ted Horton is expected to table various options for developing Thorne in a way which could create up to 1,000 new mining jobs. He may, however, make the investment conditional upon the colliery producing coal for six days a week, as in the controversial proposals for manning the planned Margam drift mine in South Wales.

With the Yorkshire NUM at present flatly opposed to six-day production, its reaction to Mr Horton's proposals will severely test the union's capacity for compromise and flexibility and the standing of Mr Scargill who has led the campaign against six-day production.

One reason for the caution about six-day coaling is that the new jobs at Thorne and other new pits will hasten rather than reverse the downward trend in the coal industry's manning levels, as it strives for ever higher productivity rates.

British Coal itself is trying to mitigate the job losses through its job creation arm, British Coal Enterprise, which tops up funding for new job opportunities created mainly by local authorities. However, redundant miners are said to form a surprisingly low proportion of the people who take advantage of these enterprise schemes.

It has been left to another Yorkshire-based organisation to monitor some of the deeper social and economic implications of the industry's restructuring throughout the country. The Coalfield Communities Campaign, set up at Barnsley two years ago, represents 75 local authorities in coalfield areas, representing more than 14m people. Its purpose is to direct the attention of the Government and the European Community to the problems of the coalfield areas.

One of its main arguments is that the impact of colliery closures on localities cannot be measured only in numbers of job losses. In Yorkshire and Humberside, for example, it says no fewer than 23 per cent of the population is indirectly or directly dependent on coal.

In the immediate coal localities, the impact of colliery closure and the ensuing redundancies is disproportionate because many settlements were only built to accommodate miners, lack infrastructure for other industries and are not particularly attractive to investors.

Maurice Samuelson

Higher education institutions

Five universities in education network

University of Bradford
Bradford BD7 1DP
0274 733466

Founded 1966 (formerly a college of advanced technology). About 4,000 undergraduates, many on sandwich courses Faculties of Engineering, Life Sciences, Physical Sciences, Social Studies. The university's Management Centre (0274 42299) offers a full or part-time MBA. Bradford came poorly out of the 1986 UGC assessment of research strengths and weaknesses. No departments merited star rating, while 11 were deemed below average. However, the UGC noted new chairs in engineering and science. Prototype English Estates Science Park nearby.

University of Hull
Hull HU6 7RX
0482 46311

Founded as a university college in 1927, chartered in 1954. About 4,000 undergraduates. Faculties of Science, Social Sciences, Arts, Law. Suffered 17 per cent UGC cut in 1981; the 1986 assessment gave star rating to Italian, but found 11 departments below average and advised the university to concentrate on strengths. Successful science park on campus, built by English Estates.

University of Leeds
Leeds LS2 9JT
0532 431751

Founded 1874 as Yorkshire College of Science, incorporated 1904. About 9,000 undergraduates. Faculties of Science, Engineering, Medicine, Arts, Education, Economic and Social Studies, Law. Leeds is Yorkshire's biggest university, successfully straddling the disciplines. The UGC awarded nine star ratings to departments of Earth Sciences, Applied Mathematics, Geography, Drama, French, Italian, Spanish, History and Education. It advised the university to preserve its colour chemistry and dyeing course, and found six departments were below average.

University of Sheffield
Sheffield S10 2TN
0742 78555

About 6,500 undergraduates. Faculties of Pure Science, Medicine (Medical and Dental School), Law, Engineering, Materials, Social Sciences, Architectural Studies, Educational Studies. Sheffield emerged well from the 1981 UGC cuts and was called "part of the backbone of the university system" after UGC's visit in 1985. This led to star-rating of four departments—Botany, Electronic and Electrical Engineering, Architecture, Psychology. Just two departments were thought below average. Korean should be protected.

University of York
Heslington, York Y01 5DD
0904 59861

Founded 1963. About 2,800 undergraduates. Faculties of Natural and Applied Sciences and Engineering, Social Sciences. York achieved five star-ratings in the UGC review—Economic and Social History, Social Policy, Electrical and Mechanical Engineering, English, Psychology—and just one below average grade. A science park is planned on site.

Bradford and Ilkley Community College
Great Horton Road, Bradford BD7 1AY
0274 753026
West Road, Ilkley LS29 9RD
0943 609010

3,250 full-time students. Dip HE/B Ed (Hons) courses, with specialities in community studies.

Doncaster Metropolitan Institute of Higher Education
Waterdale, Doncaster DN1 3EX
0302 22122

3,200 full-time, 9,800 part-time students on several sites. HND sandwich courses for mining, quarrying, road surfacing etc. Full-time courses in computing technology and electronic engineering.

Huddersfield Polytechnic
Queensgate, Huddersfield HD1 3DH
0484 22288

4,400 students. Degree (full-time and sandwich) courses include Business Law, Business Studies and Computing in Business, as well as Textile Design, Textile Marketing and Hotel and Catering Administration.

Humberside College of Higher Education
Cottingham Road, Hull HU6 7RT
0482 41451

3,000 full-time and sandwich students; 4,000 part-time. Degree subjects include a four-year sandwich course in Business Information Systems, a four-year course with two spent abroad in European Business Studies, and a B.Sc in Fishery Studies.

Leeds Polytechnic
Calverley Street, Leeds LS6 3QS
0532 759061

5,500 full-time students. Degree courses in, among many others, European Accounting and Finance, Food and Accommodation Management, Recreation and Environment. Celebrated Faculty of Art and Design.

Leeds Trinity and All Saints' College
Brownberries Lane,
Horsforth, Leeds LS18 5HD
0532 584341

1,000 students, half of them in teacher education. Roman Catholic foundation. Degrees awarded in Planning and Administration and Public Media.

Sheffield City Polytechnic
Pond Street, Sheffield S1 1WB
0742 720911

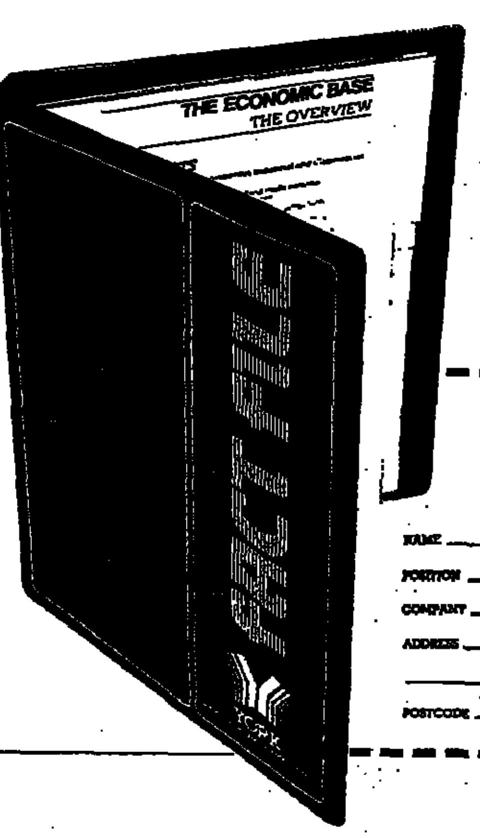
7,700 full-time or sandwich students. As one of the biggest polytechnics, Sheffield was awarded delegated powers by the CNAA in 1985 to develop and regulate its own courses, which are across the board. Sheffield Business School, at Totley (0742 369941), runs post-graduate and post-experience programmes.

Bretton Hall College of Higher Education, Wakefield
West Bretton, Wakefield WF4 4LG
092 485261

900 students, 400 in teacher training. Degree courses on the humanities including theatre arts and music. Bretton Hall is the home of the Yorkshire Sculpture Park.

The College of Ripon and York St John
Lord Mayor's Walk, York YO3 7EX
0904 56771
Ripon, North Yorkshire HG4 2QX
0765 2691

1,800 students split between York and Ripon. B Ed (Hons) students allowed to transfer to BA programme, which is mainly in Humanities



Textiles

Ready to recoup losses

THE many silent mills in the towns of Northern England are monuments to the fate suffered by the country's textile industry over the past decade in the face of foreign competition.

An industry which in 1979 employed nearly 800,000, now employs little more than half that number and output is down by a fifth. One company alone, Courtaulds, has shed almost 60,000 jobs. The textile and clothing industries have a combined trade gap of £2.2bn a year.

Among the surviving companies, however, there is a strong feeling that the worst has passed and that, from now on, the UK textile industry can hold its ground and perhaps even recoup some of its losses. That appears to be the mood in Yorkshire, the centre of Britain's woollen industry, and responsible for about 60 per cent of the country's production.

Despite the trade gap in textiles, the UK woollen industry is the country's sixth largest export earner, with sales worth about £600m a year, reflecting worldwide reputation for fine textiles. It is moreover the only sector of the textile industry enjoying a positive trade balance.

Despite the general decline of manufacturing in favour of service industries, woollen textiles and clothing remains an important part of the Yorkshire economy. In Bradford, Calderdale and Kirklees, the emphasis is on all-wool textile making, while clothing manufacturing is still centred at Leeds, the second most important clothing centre after London.

Major textile groups operating in Yorkshire include Parkland Textiles, Courtaulds, Illingworth-Morris, Coats-Viyella, Stroud Riley Drummond. One leading group, John Foster, has concentrated nearly all its production activities in Bradford.

In order to survive in the face of cheap foreign competition these craft-based and labour-intensive sectors have had to specialise not only in high quality goods but in rapid response to a fashion conscious market dominated by the High Street outlets.

This has meant investment in new technology, greater efficiency, diversification and better design and marketing.

The cutbacks mean that only about a tenth of the workforce in West Yorkshire is still employed in textiles and clothing. But this still leaves a workforce of 66,000 employed in a wide variety of companies.

There are also some new investments, such as the £5m factory in Bradford for the manufacture of coloured wooltops for the European textile industry. It is the result of a joint venture between Illingworth Morris (IM) and Asahi Chemical Industries, the largest producer of synthetic fibres in Japan.

Reputed for high quality and high technology products, IM has turned to high fashion in this new venture which involves processing the synthetic fibre raw material "tow", using Asahi's raw material and marketing expertise and IM's know-how.

Crowthers Carpets, which has become the leading UK carpet manufacturer with the acquisition of Carpets International, Weavercraft and well-known names like Kosset and Crossley, has invested £6m on internal restructuring, product development and marketing.

This includes the creation of what is claimed to be the world's most comprehensive carpet-making facility at Crowther's redeveloped Bradford factory. It will contain a new printing and dyeing plant, an electricity substation, and a unit capable of producing 70 metres of broadloom carpet per minute.

Benson Turner, a leading spinner and dyer of worsteds, attributes its position to its investment in new technology enabling it to respond rapidly to demands from retail outlets.

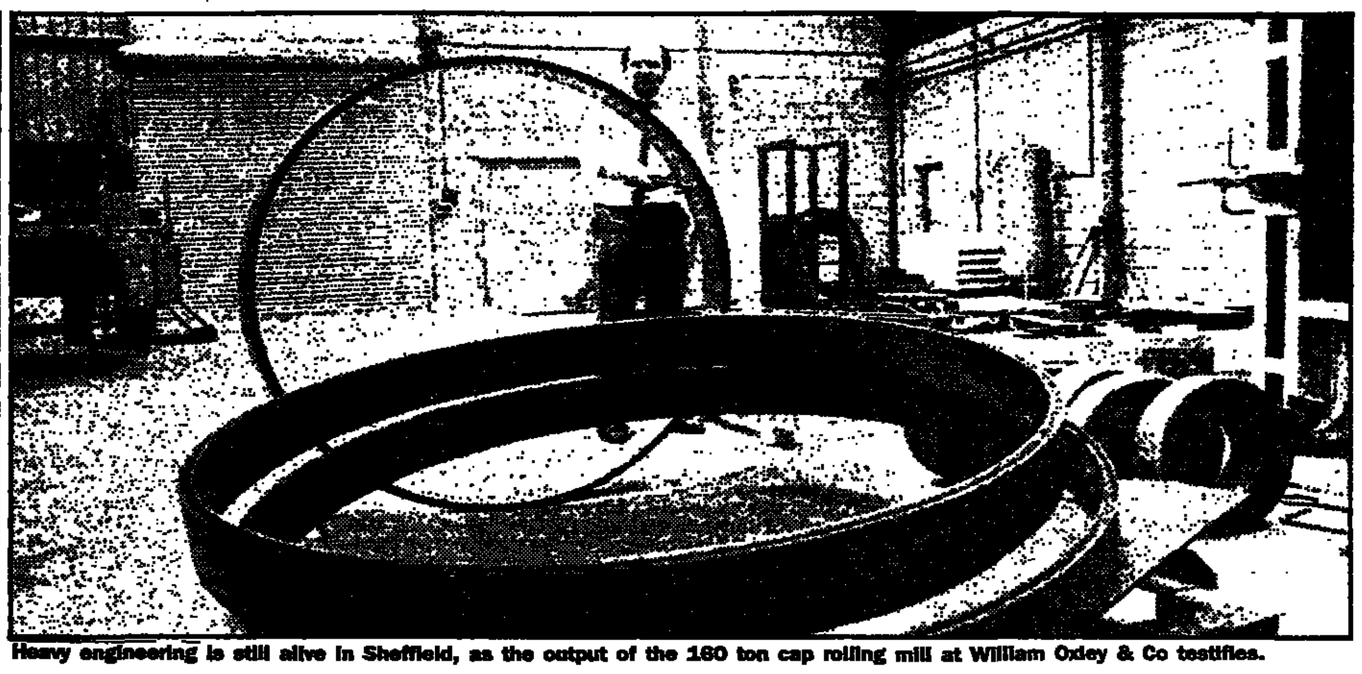
Fast response has also been the reason for two successful years at Leonard Inghams, specialists in piece dyeing of wool.

Bradford's pre-eminent place in the industry is also reflected by the lengthy list of trade associations and other bodies which are still based there, including the Confederation of British Wool Textiles, the British Wool Marketing Board, the National Wool Textile Export Corporation and the textile group of the Transport and General Workers Union.

Leeds houses the Clothing and Allied Products Industry Training Board and the Wool Industry Research Association, while at Ilkley there is the International Wool Secretariat.

The importance of textiles in the local economy is also reflected in the syllabuses and research programmes of eight local universities and colleges of higher education.

Maurice Samuelson



Heavy engineering is still alive in Sheffield, as the output of the 160 ton cap rolling mill at William Oxley & Co testifies.

Steel

A change to special products

IRON AND steel making in Britain has felt the full brunt of the recession which swept through the industrialised world in the past decade. It is painfully weathering the storm, emerging leaner, fitter and more specialised than before.

Nowhere is the transformation more striking than in Sheffield, Rotherham and Scunthorpe, the main steelmaking centres of Yorkshire and Humberside. The changes have occurred in the big bulk steelmaking units of British Steel, in the private, more specialised companies, and in the mixed State-private enterprises which have helped to lay the groundwork for the privatisation of BSC now that the corporation has re-emerged as a profitable, commercial concern.

At Sheffield, still a universal by-word for all that is best in steel-making, the havoc wrought by the restructuring is perhaps more visible than its benefits. About 40 per cent of the land in the lower valley of the River Don, the cradle of the city's steel and ancilliary industries, lies derelict.

British Steel, which a decade ago had a Sheffield workforce of 15,000, now employs little more than 3,000. Its largest remaining plant is its stainless steel manufacturer, employing 1,900. Another 1,100 work at its Renishaw Foundry, making castings and ingot moulds, and the balance are employed at smaller plants making alloy steel rods, carbon and alloy wire, razorblade steel and vehicle springs.

The contraction has gone hand in hand with the Corporation's divestment of such plants as the River Don works and a plant at Stockbridge. Five years ago, the River Don forging and engineering works were amalgamated with major competitor, Johnson Firth Brown, under the government-funded Phoenix programme, designed to remove the duplication of State and private capacity.

Before the merger, they had had a combined workforce of more than 6,000. The result of this marriage—Sheffield Forgemasters—now employs well under half that figure, but still remains Sheffield's second biggest employer.

As the only major forgemaster in the UK and one of only six worldwide, the group is made up of ten subsidiary companies which produce specialised steels and alloys, both as materials for other steel companies and as forged, cast, rolled and engineered components for industries ranging from aerospace and defence to process plant, power generation, oil and energy.

BSC's former Stockbridge plant is now under the banner of United Engineering Steels, by far the biggest joint venture company formed under the Phoenix programme. It was created from the special steels and forging interests of BSC and Guest Keen and Nettlefolds (GKN).

UES's other two divisions, which are virtually competing companies with Stockbridge Engineering Steels, are Rotherham Engineering Steels and the Brymbo works in north Wales. Europe's biggest producer of engineering steels, it employs more than 10,000 with a £650m a year turnover.

Over the past six years, BSC invested £50m at Stockbridge mostly on a four strand billet caster for continuous casting. It plans to spend as further £20m in the next three years, some £7m on improving billet finishing facilities.

Side by side with its ambitious investment, UES still has to make painful cuts in its workforce. At the start of the year, a quarter of the 2,400 employees at Stockbridge were made redundant because of severe competition in the export market. The management told the unions the cuts were vital if the investment in high efficiency plant was to continue as planned.

Coated Electrodes International (CEI) is another of British Steel's former Sheffield activities which is now firmly in the private sector. Instead of being merged with a private competitor under the Phoenix scheme, it was the subject of a management buyout and a year ago was floated on the Unlisted Securities Market. Employing 50 in Sheffield, it has recently acquired a Chesterfied-based company, has established a factory in Calais and plans another one in the US.

The company makes graphite electrodes used in electric arc furnaces, which now account for 30 per cent of the Western world's steel making. To give the electrodes a longer life, the company coats them by a method developed by the Bulgarian steel industry.

Still firmly under exclusive BSC management is BSC Stainless. It employs 2,200 in Sheffield and 300 in South Wales and claims to be one of the Corporation's biggest single success stories.

In the mid 1970s, with world demand for stainless steel on the increase, BSC decided on a major effort to become a world class producer, even though the UK domestic market was slack. It invested the equivalent of £280m. to turn BSC stainless into one of the world's biggest stainless steel making complexes, and achieve production costs which are 58 per cent lower in real terms than they were 30 years ago.

Another significant local steel maker is the Aurora group of some 30 companies in the UK and overseas, 10 of them in Sheffield. It employs 1,500 in Sheffield where it is spending £3m on new technology. Squeezing markets have also hit the Davy McKee's Sheffield steel subsidiary, whose workforce of 2,000 has been nearly halved.

At neighbouring Rotherham, which used to make the bulk of the area's steel, the same forces of contraction and restructuring have been at work, with the industry now employing fewer than 5,000, compared with 20,000 only 20 years ago.

British steel has ceased to be the main employer, its principal works employing more than 3,000, now being part of the joint venture UES "Phoenix," whose head office is also in Rotherham. The town still remains the centre of electric arc steel making, but the significant current development is £60m being invested by UES.

Centre piece of the investment is a bloom caster in which steel is cast continuously, passing from molten stream into semi-finished bars without having first being cast into ingots and rolled into successively smaller bars.

Another world-class Rotherham company is LSM—the London and Scandinavian Metallurgical Company, which concentrates on supplying the chemical and metallurgical additives used in alloy making. Part of the US owned Metallurg Group, LSM has been at Rotherham for 40 years. It has a local turnover of £60m a year, and exports 70 per cent of its output.

LSM makes welding electrodes, pure chromium metal for turbine blades, amd refractory tiles. It also supplies a rare earth—cerium—once widely used in the steel industry—as a material for glass polishing. All the windows of Lufthansa aircraft are polished with a LSM product containing this material.

Steel and iron are also still the main industry at Scunthorpe, which contains one of British Steel's five principal steelworks, making 3.4m tonnes a year. When the industry was nationalised in the 1960s, the three main Scunthorpe steel works were amalgamated. Two were subsequently closed and the workforce fell from 20,500 to 7,400 but the remaining plant produces as much steel as the original three. For the past three or four years, the manning level has remained stable and, officials say, there has been no industrial relations troubles since the 1980 national steel strike.

The present works has four iron making units, but normally only three are working at any one time, producing 2,500 tonnes a day. The steel making and rolling facilities are the newest in the UK, having been completed in 1972.

They were installed as part of the "Anchor" development which equipped Scunthorpe with three Basic Oxygen units producing 300 tonnes of steel every 40 minutes. They replaced the open-hearth method, which took eight hours to make only 100 tonnes.

BSC at Scunthorpe still makes some steel through the ingot method, but most production is from continuous cast material, which feeds directly into the mills making plates, heavy and medium sections, blooms and billets. In the past five years, its productivity has shot up from 10.14 to 4.25 man/hours per tonne, which BSC says is "as good as anywhere in the EEC".

The constraint on output is the EEC quotas. Otherwise, BSC says, "there is a general feeling we could sell all we can make". The main investment at present is the £50m being spent on rebuilding the sinter plant. Due to come on stream at the end of this year, it stabilises the powdered iron ore prior to its being smelted.

Maurice Samuelson

YORKSHIRE AND HUMBERSIDE 8

High technology

Struggle for a wider spread

PROFESSOR John Bryant has the Chair in Physics at Hull University. He is also a partner in Laser Monitoring Systems, a commercial company housed in Newlands Science Park at the university. Professor Bryant has a toehold in both camps, for the moment. His company, one of only three in the world producing tunable diode lasers used in gas detection, has great potential.

Dr David Butland is a former Bradford University lecturer turned managing director of BUSS, Bradford University Software Services. BUSS was establishd in 1981 on Listerhills Science Park, Bradford University, to develop and market research work started back in 1972 at the university on converting engineering data into computer graphics. *Simpleplot, as it* is called, is a software system used by companies like British Aerospace and Pilkington as well as academic research institutes worldwide.

Professor Bryant and Dr Butland represent that tiny minority of acadmics prepared to put their discoveries into direct commercial production. Other tenants of the two science parks, built and run by English Estates, tend to be companies who benefit from association with the university and use of its research facilities.

At Hull, these companies include Kingston Telecom*munication* Laboratories, the research division of Hull's municipally-owned phone sys*tem.* KTL has used its position on the fringe of the UK telecommunications system to become one of only three government-accredited labs for testing appliances seeking BT approval.

Both science parks are prestige addresses, whose tenants expect to pay more than the local norm. But Hull and Bradford universities also offer half-way houses closer to the academic umbrella. Hull's Centre for Applied Electronics operates alongside university labs, using post-graduate skills. DTI grants support project development work for Humberside companies, though the centre should pay its own way within three years. Current contracts include a fish-curing kiln controlled by precision weight-loss measurement, a printout of trawler log books for fish conservation records, and a localised weather station for open*cast mining.*

At Bradford, the best-known tenant of managed workshops/labs *in a former* mill close to the university campus is a company caled OxyTech (UK) founded by two Californian post-grads from Palo Alto. They were looking for somewhere to bring academic research on ozone production through an 18-month developmental stage. They wanted an injection of venture capital which would not, in the end, dilute their own equity holding in a process they believe will become very big business.

Dr Mark Goodwin and his colleague were head-hunted by the Yorkshire and Humberside Development Association on the understanding that, when the technology transfer process is complete, they will return to the US, leaving a manufacturing facility behind.

Sheffield City Polytechnic have a tripartite share in Sheffield Science Park, under construction on a five-acre site near the poly in the city centre. The science park is a measured move by the poly, the city council's Department of Employment and Economic Development and English Estates to set up a chain-reaction of 21st-century activity as a counter to the devastating steel redundancies of the early 1980s.

Inquiries about the science park's first stage, the Business and Innovation Centre in the Cooper Building, *which opens* next January, are running at a healthy rate. Dr Brigitte Pemberton, *Sheffield's Technology* Development Officer, says the city is forming a separate com*pany to nurture prospective* tenants to the point where they feel able to take the commercial leap. Sheffield is also hoping to create an enterprise and venture capital board to help close the "funding gap" commonly experienced by start-up companies.

Barnsley's Business and Innovation Centre claims to be the first UK example of EC-approved BICs offering training and support as part of a *European* network. Work on the BIC's purpose-built complex *starts on September 1, with ini*tial funding from Barnsley Metropolitan Borough Council, British Coal Enterprise and other sources. Dr Brian King, the BIC's chief executive, has secured £120,000 from the European Social Fund to launch his Innovative Training Programme *which is unhappily held up in* the Treasury by "additionality" problems.

Even before it has a proper building of its own, Barnsley's BIC has attracted several live projects. One comes from inside Barnsley Borough's architects' department, a system *for* computer-controlled coal-fired central heating.

Co-ordinating high technology initiatives is difficult enough in cities. It is a daunting task in a rural county. However, North Yorkshire County Council's commitment to nurturing its young and expanding industries *(as described elsewhere in this* survey) led to the creation in 1985 of a body called Yortek.

Yortek is an alliance of some 40 North Yorkshire companies, most of them growth businesses which use advanced maufacturing processes or have a stake in information technology. North Yorkshire County Council and York University are both corporate members; the county provides a secretariat, and the project draws support from DTI channels.

Despite jokes about the Silicon Dale, Yortek would not claim to be in the forefront of technology. That is not its role. Rather, Yortek sets out to be the catalyst for development in the member companies and North *Yorkshire as a whole.*

The key is training. Yortek's training initiatives include a *collaborative project where* 21 member companies worked with FE colleges throughout the *county to identify* 30 potential technician and supervisory training courses. Implementation is being co-ordinated by Yortek's own training development officer.

Production of computer colour monitors at Microvitec's Bradford factory. The company's flotation brought substantial gains for Microvitec's venture capital backers

A Yortek award offers 14- to 18-year olds studyinng craft and technology the chance to design a practical solution to problems suggested by local companies. At the other end of the scale, Yortek has started management training seminnars for member companies and others.

But Yortek's major single initiative so far has been to stage the conference in York last November which helped formulate York University's bid to be a regional centre for COMETT, *the action programme of the* European Community in Education and Training for Technolo*gy,* funded by the EC.

COMETT's broad objective, which reflects the sort of pioneering work already seen in the region's science parks, is to link academic activity with high-technology companies. York University's bid, made in parallel with its own science park proposals, is supported by the Yorkshire and Humberside Development Association and other Northern universities—although Sheffield University has mounted a separate campaign.

In any event, Yorkshire's private sector companies, its local authorities and *higher* education institutions between them aim to join the mainstream of *European high-tech* development. Nobody is caring to quantify the job potential. The implicit question is what would happen to the regional economy without such co-operation. It is the fear of being left behind as much as the sense of opportinities around the corner which is motivating so many parties.

Robert Waterhouse

Profile: Paul Fox and Yorkshire Television

A problem of perception

THERE IS a hint of Hitchcock in *Paul Fox's presence. It is the* voice more than the frame, though, like the rest of the man, *that is substantial. In particu*lar, a professional certitude which cuts through interviewee *diplomacy. Yorkshire Televi*sion's Managing Director, at 61, is among the two or three moguls of Britain's *small* screen. His company was over-subscribed 51 times at flotation last year, and has hopes that the First Tuesday special on the Falklands War will win the Prix Italia to join many other plaudits this September. Financial success, artistic integrity: the dream can still become reality, it seems, along Kirkstall Road.

Fox's 11 years as Managing Director, the first eight of which also saw him as Director of Programmes, span the relaunch of Yorkshire Television from the Trident days and the renewal of its franchise in January 1982. Before moving to Leeds he was, for six years, Controller of BBC1, the culmination of a BBC career which began as a newsreel scriptwriter in 1950 and led to editing Panorama. He is now also chairman of ITN, a director of Channel 4 and President of the Royal Television Society. *Fox has* put Yorkshire Television firmly in the Big Five independent network production *companies.*

So, almost 20 years after Yorkshire first *started* transmissions, what has been the company's major contribution to the regional economy? "The very fact that we are here has added to the regional economy. It has given Leeds a focus, and it has ensured that Yorkshire's name is carried throughout the country. After all, we're one of the few companies who attach their home base name to all programmes they make for the network. Thames is a slightly remote concept for London. Yorkshire is Yorkshire."

The tradition of good drama and excellent documentaries goes back 20 years, Fox says. "What we have added in the past ten or 12 years is a strength of comedy and entertainment, starting with Rising Damp and continuing with programmes like Duty Free, Room at the Bottom, Home to Roost. The fact that we have a comedy writer like Eric Chappell exclusively contracted to us underlines the *nonsense talked about* Northern humour being different from Southern humour."

Himself a Southerner, Paul Fox is happily assimilated — despite spending up to half the week in London. "The fact that everyone who works in the place is not actually a Yorkshireman does not matter. Programmes like Emmerdale Farm (the twice-weekly drama serial set in the Dales) exhibit the attractions of the Yorkshire countryside and the Yorkshire way of life to the whole nation."

When it comes to regional as opposed to network programmes, is there not an imbalance of talent and resources? Do not the ITV companies display one face for the prestigious network, another *for* bread-and-butter local shows? "Obviously I do not accept that. I believe *there is a strong journalistic* tradition here in Yorkshire which ensures that local programmes work. The *flagship is* Calendar, five nights a week at 6 pm with a big audience, which beats the BBC competition all ends up annd the key to that is good local journalism."

Yet, from Yorkshire Television's headquarters, and from the vantage point of may viewers in North Yorkshire, there are problems in the compay's coverage of the county. Their southern reach extends through Lincolnshire into East Anglia at King's Lynn; their northern reach fades away before North*allerton,* North Yorkshire's county town, where Tyne Tees prevails.

"It is something we have been trying to change ever since the new Yorkshire Television arrived seven years ago," Fox admits. "We cannot ourselves rectify it. The transmitters are owned by the IBA, and the Billsdale transmitter is very powerful. We are not saying that Tyne Tees should be pushed out. What we say is that people should have the choice."

Yorkshire Television's eccentric boundary excludes an affluent sales area to the North. All the same, the company claims to be the sole Northern contractor which is increasing its share of network advertising (up 0.1 per cent to 9 per cent in 1986). In terms of cost per thousand viewers in the ABC1 bracket, Yorkshire *is* significantly better value than, say, Thames, a point Paul Fox feels is not property appreciated.

"We believe that we deliver better ratinngs than annybody *else. We certainly don't believe* in the North-South gap. There is a high and valuable market to *be got up here." So is it a matter* of perception by southern-based advertising agencies? "*Absolutely. I wish it was more* a matter of factual understanding than perception. We have an increasing number *of* AB homes, and consumer spending in the Yorkshire Television area is growing 15.8 per cent faster than the national rate. The problem is perception."

That being so, is ITV's regional nature a strength or a weakness seen from outside London? "It's the greatest strength we have. The regional and federal structure of independent television is the basis for its existence. That's what makes us different from the BBC, which is a fine institution but a metropo*litan one.* One of the best ideas the architects of ITV had was to move it away from London. It *has added lustre* to the Yorkshire ethos that Yorkshire should have its own network *company. Not a regional, but a* network company. It is proved by the fact that Yorkshire Television programmes will *get, in* Yorkshire, an extra four or five ratings points because Yorkshire people are proud of the company."

Has ITV's federal structure, setting it at one remove from both the Government and the Establishment, helped *it* steer an easier political course than the BBC? Is it partly because ITN forms a separate company? "I have never thought of it that way, but there is something in that. ITN knows how to move in a sophisticated and knowledgeable way. We came through the whole election campaign, which could have been a very tetchy period, without any rows whatsoever."

But there must be pressures from advertisers . . . "No. The separation is so clear. When you work in programmes you are miles away from advertising. Of course, your aim is to get decent ratings: first, because you need a good audience you make programmes to be seen, and secondly for your own professional pride. But in the end we sell air time. We don't sell programmes." **Robert Waterhouse**

"We were plugging weaknesses, now we're promoting strengths"

Humberside's industrial mix grows healthier

AS A COMPONENT of UK plc, Humberside makes a net contribution for which it receives scant recompense. Its 850,000 inhabitants support a GDP conservatively estimated at £3.25bn. Government assistance of £80m, together with local authority initiatives of £20m, are helping draw private sector investment of £300m annually.

The county is a strategic provider of energy and petrochemicals to the nation. It has Britain's fifth busiest port, significant food marketing and processing activities, and highly-productive farmland. But unemployment is stuck obstinately around 15 per cent, with worrying levels of youth and male long-term joblessness. Those in work earn less than the national wage.

Such is the present level of investment in energy-related industries that a £1m contract draws barely more than a paragraph in the local newspapers. Nobody seems wildly excited, for example, that British Gas are mounting a £1bn operation off Easington, reinjecting surplus natural gas into the Rough Field as a vast underwater reservoir. Or that BP have put a similar investment into four gas fields, two of which are due to come on stream late in 1988. There aren't many jobs attached, that's why.

On South Humberside projects like an £80m Norsk Hydro investment, Tioxide UK's £35m modernisation of its Pyewipe plant, and SCM Chemicals's £25m development mean, principally, that these important companies are reinforcing their interest in the area. Given the savings of modern technology they will not produce a cornucopia of jobs once the construction phase is over.

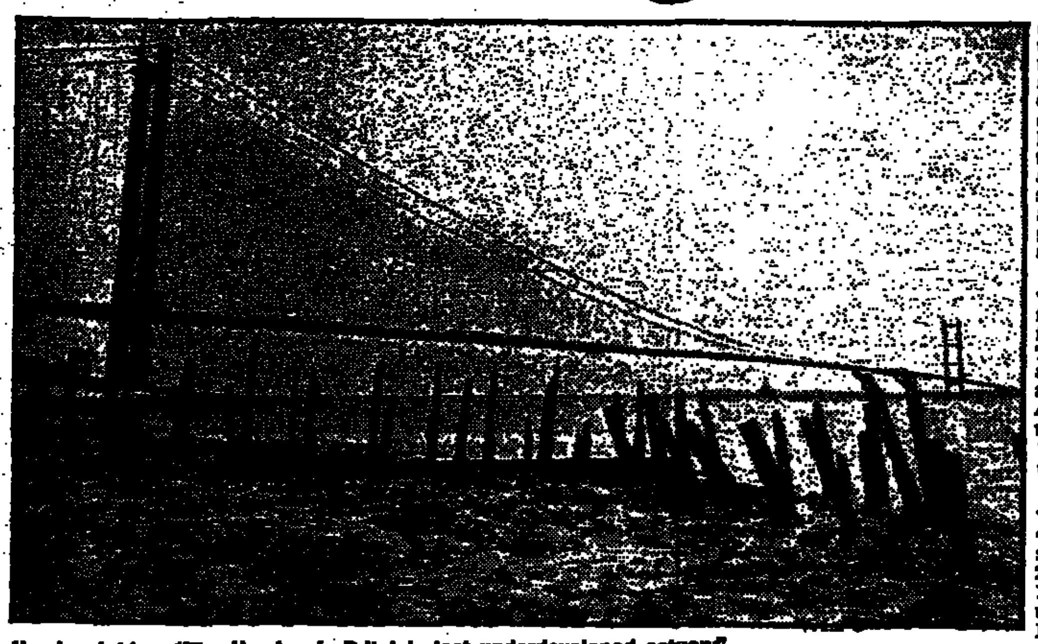
At the same time, the area still has great unexploited potential. Nirex's decision to abandon shallow-grave sites for nuclear waste has freed Killingholme near Immingham for a potential coal-fired power station, one of five selected by the CEGB for detailed investigation. Humberside's economic development unit are confident that Killingholme's natural advantages will award it high priority when CEGB make first announcements this autumn.

Whatever transpires at Killingholme, Humberside is not going to be another Teesside. The indicators are all beginning to move in the right direction, and the spread of industry is much more healthy. "In the old days we were plugging weakness. Now we're promoting strengths" says Mr John Siddall, the county's Economic Development Officer.

The strengths are evident enough. Humberside is ideally placed to trade with Northern Europe; it has three all-purpose Humber ports and deep-water mooring off Immingham catering for 200,000 tonne tankers backed by acres of serviced land. Its pre-eminence in fish and frozen market garden foods has been reinforced by the new motorway connections; and, in Scunthorpe, it has a resurgent industrial force which is making such good use of incentives that its risks losing development area status, and suffering a serious skills shortage.

Scunthorpe's take-off rate, spurred by two enterprise zones, is the more impressive for its mix of manufacturing and service industries. In job creation terms the biggest development is by Unigate, which plans a £67m chicken farm and processing plant, split between the two zones and the surrounding countryside. This could mean 1,200 jobs, with further spin-off for local suppliers.

The Unigate deal was announced in April this year. A month later British Oxygen announced construction of a £35m air separation plant at Scunthorpe to service a BSC contract worth £200m over five years. Then Crosbie Euro Laminations signed for a new factory promising 100 jobs, and Greenpark Engineering a further 25.



Humber bridge: "The Humber is Britain's last underdeveloped estuary"

Another positive sign is that 85 per cent of Scunthorpe's new jobs come from business initiatives by local companies. Yet Continental companies, particularly Scandinavian, are also contributing. Mogens Engkaert (UK)—agricultural equipment—E. Module (UK)—bathroom equipment—and the Swedish-owned Skippingale Paper Products all arrived in Scunthorpe last year.

Hull is the premier roll-on roll-off freight and passenger gateway for northern Europe. Associated British Ports have responded by opening a new terminal to complement the latest-generation Tor Line and North Sea Ferries 31,000 tonne vessels. BP Chemicals' £80m investment in an acetic acid plant at Salt End means a 50 per cent increase of materials passing through the port. Hull's traditional trade in molasses and edible oil continues, while grain exports—mostly from intervention—amounted to 1m tonnes last year.

Even after the M62 opened, getting between the motorway and Hull remained a tortuous business. The arrival of dual-carriageway links along the Humber has cut journey times, removed a psychological barrier as well as heavy traffic from city streets, and opened up acres of disused port property for potential development.

Mr Ray Klinck, ABP's deputy manager at Hull, says that since privatisation three years ago, the company has been investigating the prospects for developing a retail park and light industrial activities on the Hull ABP estate, along with some housing and leisure use.

"The Humber is Britain's last underdeveloped estuary" says Mr Klinck. He welcomes the new era of competition, even though the private wharves up river are handling 11m tonnes of cargo annually, more than twice the throughput at Hull.

His counterpart at Grimsby and Immingham, Mr Stephen Pearse, is less sanguine about the unregistered wharves which are not compelled to maintain dockers on a guaranteed wage. His belief is that reformed legislation would make Grimsby and Immingham more competitive, and therefore busier for all. Immingham recently announced proposals for 20 per cent more all-purpose cargo berthing.

Grimsby's role as home of the deep-sea trawling fleet has vanished with the fleet itself, but its role as principal market-place has thrived. Bulk supplies come overland in refrigerated trucks and from large foreign trawlers. Historically, fishing accounted for 16 per cent of Grimsby's trade and just 5 per cent of Hull's livelihood—far less than one might have thought. But the nostalgic ties are strong, and a consultant's suggestion that Hull's fishing activities should be amalgamated with Grimsby's was shelved by the city fathers.

In May Ross Foods shed 123 workers at Grimsby and a further 54 at Hull as part of further efficiency measures. That is still the way of things, although gains in other areas are beginning to show through. Also in May the county's unemployment rate fell below 15 per cent (to 14.7) for the first time for three years.

The trend continued in June, with unemployment down to 41.3 per cent. Job vacancies showed a slight increase to 2,607, giving a vacancy ratio of 1:19.7 unemployed. Male unemployment still stands at 17.5 per cent.

Almost half have been out of work for a year more. Over 30 per cent of all male unemployed are under 25. The authorities reckon it will take until the mid-1990s for jobs created by the present investment surge to make their mark. Meanwhile, YTS schemes record an encouraging success rate of 70 per cent placing in permanent employment.

Humberside has no problem attracting the sort of person who can afford to live in the Wolds and buzz across the Humber bridge to shop in Hull. Wide open spaces, good-value housing in pretty villages, accessibility to Humberside Airport with scheduled flights to British and European destination are all plus points. The worry remains whether the ordinary, born-and-bred resident will be invited to share in the county's exciting future.

Robert Waterhouse

North Yorkshire

The need to nurture its own

A TADCASTER company called Merit Lowson & French has built up a nice line of business in non-destructive testing, with contracts from British Rail and the Ministry of Defence. Among its specialities is a big pregnancy tester—non-destructive naturally. A Thirsk company calling itself, modestly, The Exhibitionists, design and organise exhibition stands around Britain. Heirloom Designs, a quality fashion house based at Knaresborough, is poised to go national.

These three companies are examples of the "exporting" enterprises currently favoured by authorities in largely-rural North Yorkshire as the most effective way of furthering employment prospects in the county. North Yorkshire, England's largest geographical entity recently switched from a conventional policy of courting industry to nurturing its own.

The reasoning was as follows. With unemployment around 10 per cent North Yorkshire will never achieve assisted area status, except in isolated pockets (Whitby and part of Richmondshire near Teesside are indeed assisted). Moreover, North Yorkshire doesn't have the sites, the facilities, or the specialist workforce to attract a Nissan. Charming and affluent place that it is, is has all the same to face serious rural problems, the worst being constant loss of its young people to the cities.

North Yorkshire County Council argued that by encouraging job opportunities in the towns and villages, the young wouldn't be forced away; their presence could reinforce community life, help prevent village schools from closing, and counter the drift of property into holiday or retirement homes.

So-called exporting companies are those local companies most likely to grow into regional, national, even international businesses. New technology, and excellent North-South communications, have combined with the pleasures of life in the Vale of York to make the area an attractive place to start up. Assisted area or not, there are plenty of inducements available, too.

The sheer size of the county, which reaches to within a dozen miles of Morecambe Bay in the west across to Filey in the east and past Selby in the south, dictates unity of purpose between local authorities. Each year the county council debates strategy with the districts which is then agreed and carried out, no argument.

Most of North Yorkshire, roughly the parts above York and Harrogate, is designated a rural development area. This qualifies it for Development Commission activity, and allows English Estates as the commission's agents to build advance factory units. Both CoSIRA—locally based at Skelton, near York—and the Yorkshire and Humberside Tourist Board offer grants or loans for approved capital schemes. The county council itself operates a small business grant scheme, which provided grants totalling £440,000 between 1982-86, plus a development loan scheme for regional mortgages which has lent well over £3m.

Now that the private sector is increasingly competitive in industrial mortgages the county and district councils, advised by Coopers & Lybrand, are in the final stages of plans to set up a

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North Yorkshire

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development company aimed at bridging the "funding gap" for equity and loans between £25,000-£50,000. The company, which will be looking also to institutions and the West Yorkshire Enterprise Board for its initial £2.7m funding, is likely to have a subsidiary business development loan fund set aside for the ultra high risk area of small firms seeking capital injections of £5,000-£25,000.

The enterprise culture is already thriving throughout North Yorkshire. Two emerging agencies in Craven and Richmondshire add to the four already established, of which the Vale of York Small Business Association is the biggest and most influential. Mr Gil Elliott, VYSBA's director, provides counselling services for between 40-50 new business clients each month. His business-to-business exhibitions, set up around the region, invite 50 members at a time to take a 6 ft x 4 ft stand at just £10 + VAT. Some 3,000 invitations, printed by VYSBA, are sent out by participants. Even if nobody else comes, which of course they do, stand holders have 49 potential clients.

VYSBA's offices in the York Enterprise Centre, directly above York city agencies, express a co-operation which is brought about by a challenging cocktail of opportunities and problems. York itself, for instance, has the fifth highest youth unemployment rate in the country. Its economy is heavily dependent on confectionery, where modern processes inevitably lead to redundancies, light engineering, British Rail and tourism. Equally, York has hotel rooms at £150 per night, dinner for two at £80, and new Northern bypass costing £17m which the county council views as the Route to Prosperity.

Green Belt restrictions encircling York, and protecting the county from encroachment by Leeds, were maintained when the Environment Secretary approved alterations to the North Yorkshire County Structure plan in January this year. It included, however, an allocation of 26 hectares for industrial development within York, and 410 hectares in the whole county.

The competition between jobs and environmental protection is most acute in the national parks. It was given an additional twist only last month when the disused Ribblehead Quarry in the Yorkshire Dales National Park was named as a likely source for limestone to curb acid emissions from Drax B power station near Selby. Some 300,000 tonnes a year of limestone may be moved from Ribblehead via the Settle-Carlisle railway line, whose retention North Yorkshire has been supporting alongside Cumbria County Council.

Numbers employed in agriculture throughout North Yorkshire are still dwindling. Since much of the rural development area is upland, the consolidation process continues. There are, again, controversial proposals for afforestation of remote parts which bring the promise of some jobs but have serious consequences for much-loved landscapes.

Mr John Inglis, North Yorkshire's industrial development officer, who attended a total of 276 meetings including 49 at weekends or evenings during 1986, points to the Development Commission as North Yorkshire's biggest friend. It really is a question of all pulling together, he says. Government agencies work through county and district councils down to parish and rural community councils. The impetus for change may well come the other way, from the person each village produces as a driving force.

Whatever way it happens—and Mr Inglis stresses that the county council musn't be seen as Big Brother—results have been impressive. During 1981-86, 288 acres of industrial land were serviced, with about half still available. Private sector investment in advance units totalled 387,292 sq ft; the public sector added 206,706 sq ft. However, private sector involvement is currently less vigorous because of the withdrawal of 100 per cent first year capital allowances and because construction costs have risen while rental levels have stagnated.

North Yorkshire has set itself the ambitious target of creating 9,000 new jobs each year. The performance in 1986 was just less than half that, at 4,340. There were, however, an estimated 3,000 redundancies in the county, leaving a net growth of 1,340. During the year some 1,900 working people moved into the area, another measure of its attractiveness.

Yet there remains the spectre of a Northern Development Agency on Teesside, tempting all the growth businesses away by massive capital grants. That is one reason why Mr Inglis and his colleagues are party to the campaign for rural development areas to be awarded EC recognition. Access to the ERDF and such-like in Brussels might make all the difference.

Robert Waterhouse

Jorvic was the Viking name for York. When the Coppergate shopping centre was being built excavations revealed the remains of the 10th Century settlement. An underground museum beneath the shopping mall now attracts 900,000 visitors a year, carried around it in electric "time cars."

Tourism

New venues pull the crowds

YORKSHIRE and Humberside offers attractions of all kinds to the tourist. Its centrepiece is York, where some 3m visitors a year wash through, most of them via the Minster. Traditional resorts like Scarborough do traditional trade along a welcoming coastline. The region encompasses two national parks, and pushes into a third. It has historic houses, ruined abbeys and museums galore. Its industrial archaeology is unique, its business centres include three of the country's largest cities. Yet in terms of tourist nights recorded annually, Yorkshire and Humberside is very much second league.

The league—well below London and the West Country, comfortably above Cumbria and Northumbria—includes other regions like Heart of England and the North West which also contain major conurbations. Big cities make a considerable contribution to statistics since business visitors spend much more per head than holidaymakers.

Business-oriented Leeds hotels become profitable at around 50 per cent room occupancy while York needs an occupancy rate of 65-70 per cent. Leeds hoteliers can expect worthwhile trade 11 months in the year; York has three giddy months (August-October), four shoulder months (April-July) and five poor ones. Harrogate, dominated by the conference trade, can count on only five months when its hotels do better than 60 per cent room occupancy, but delegates are around all day and spend energetically.

At peak times York has to handle, or herd, tourists by the tens of thousand. The National Railway Museum, with well over a million visitors annually (before admission charges were introduced this year) and the Jorvik Viking Centre, with about 900,000, take the pressure off the Minster (2.3m visits) while adding to the overall lure. York has been the fastest-growing tourist centre outside London, with plenty of activity in the hotel sector, but it may almost have reached saturation unless seasonal habits are changed.

Out in the big beyond, Scarborough, a traditional bucket-and-spade resort whose appeal lies mainly to Northern families, still turns over significantly more than any other single centre in the region. Scarborough nets about £75m a year from tourism; York around £50m; Harrogate, Bradford and Leeds all about £40m with Sheffield not far behind. The total spent throughout Yorkshire and Humberside is estimated at £500m. Just as important, tourism in all its facets provides between 70-80,000 jobs, which makes it a major employer.

It is a sector, for all its size and diversity heavily dependant on non-statutory cooperation between people of goodwill. Half of the Yorkshire and Humberside tourist Board's £700,000 turnover comes through sales of literature and objects. All the 28 local authorities in the region are affiliated to the board, with North Yorkshire County Council the biggest contributor at £90,000. The YHTB channels English Tourist Board grants for approved infrastructure projects, and markets the region overseas via the British Tourist Authority. Next year, for instance, it will take part in eight European workshops for the travel trade, competing mainly with rival English regions.

John Chapman, YHTB's Development Manager, feels that Yorkshire and Humberside, as a product, has everything other regions bar London can offer — plus industrial architecture and archaeology. Bradford has been the success story of the past years; it's now being joined by Halifax (Calderdale) and Huddersfield (Kirlees), marketing themselves as Pennine Yorkshire, Weekend visitors stay in smart city centre hotels for very moderate prices, pushing up room occupancy rates which before were almost entirely based on the Monday-Thursday week.

Bradford's National Museum of Photography, with visitor figures jumping from 220,000 in 1983 to 677,000 in 1986, is a smash hit. The nearby Alhambra Theatre, revitalised with European, central and local government funds, is proving the focus for developing Bradford's West End as a leisure area in which the city's entrepreneurial Asian community are showing considerable interest. What with Ilkley Moor, Bronte country, and the Worth Valley Railway, Bradford has put together a package widely envied by more obviously endowed places.

The author, James Herriot, has typed his nom de plume, unofficially but surely, to a great swathe of North Yorkshire embracing the Dales and the North York Moors, anywhere accessible from his Thirsk veterinary practice. Herriot can still be glimpsed each week autographing copies of his books in the surgery. The boost he has given to tourism is almost quantifiable, but national park status had already recognised unique qualities.

From the point of view of tourism development the Dales and the North York Moors are marvellous curtain-raisers but difficult products to manage. They cover a huge area, they offer few facilities (which get very crowded at peak times) and they are quite rightly protected. Their year-round residents are not always sympathetic to tourist invasions.

Rural North Yorkshire has a surprising number of excellent hotels and restaurants. The problem owners face is attracting staff of the right calibre and training. In a part of the world where the ambitious young are still drifting away to big cities, too few are being tempted into catering and allied trades. It is as if tourism was not seen to be a real job. The YHTB say there are plenty of unfilled courses at local colleges, and are organising a seminar to illustrate the opportunities.

Hoteliers on the East Yorkshire coast are themselves having to adapt to changing times. The Grand at Scarborough is now a Butlins, while the Filey holiday camp has been abandoned. Holidaymakers increasingly demand bathrooms and colour TV of their own, plus the freedom to move on in days rather than weeks without punitive terms. The successful small hotels are the ones which are comfortable, relaxed and fun.

Down at Doncaster one hotelier had the inspiration to lay on a second Christmas in January. Guests, who came for the weekend, were invited to sing carols, hand round presents, and eat the usual fare. Disastrous for some, maybe, but they apparently loved it and wept at having to return to the real, uncaring New Year.

Humberside, carved out of the East Riding and North Lincolnshire at the 1974 reorganisation, is only now beginning to put its own tourism story together. The resorts of Bridlington and Cleethorpes have their adherents, but the coming place to stay is Beverley, with its little known Minster and lively Georgian square. Beverley's Museum of Army Transport, compiled by the formidable Col Teddy Penn, attracted 115,000 visitors in only its third year of operation. The nearby Hornsea Pottery is still a major magnet.

Seasonal fluctuations offer opportunities. Tourist Yorkshire is already a great success in the summer and early autumn. The challenge lies in extending the season at both ends, when hotels are much quieter but the weather isn't that bad and most other attractions remain. The YHTB, together with the district and county councils, is targeting the British second or third holiday market, typically ABC1 families from the Northern Home Counties, with some results.

When they operate abroad, the 28 subscribers to YHTB are willing to pool resources. But eventually they are each pushing their own patch. The US tourist who stops over at York does nothing for Beverley—unless he can be tempted to extend his horizons. It is inventiveness allied to unmatched variety of destination which Yorkshire and Humberside will use to maintain and improve their standing in the league table of regional tourism.

Robert Waterhouse